

NEWS SUMMARY

IERAL BUSINESS
Hurry Grocery
f EEC bills up
talks in despite
London price war

British Government's sixth presidency of the European Community comes to an end this week with a busy week of meetings...

British Gas questioned over charges
BRITISH GAS is set for a new test which is concerned that the State corporation may be making excessive profits...

Oil wins mile
A 21-year-old British student, beat New Zealand's Walker into fourth place...

Newspapers hit
London edition of the News World did not appear...

French territory of the and the Issas formally to the independent republic Djibouti at midnight...

Refugees arrive
A three-month sea voyage, Vietnamese refugees in three fishing vessels landed on the Red Northern coast of Australia...

Number of workers
avoiding a Phase Two pay settlement in the hope of doing better after July 31 continues to grow...

COMPANIES
SOTHEBY prospectus—for its share offer 150p to raise £5.78m.—is published today...

Table with columns: Features, FT SURVEY, and other market data.

Chequers meeting rules out reflation before the autumn

BY RICHARD EVANS, LOBBY EDITOR
The Cabinet agreed at an all-day session at Chequers yesterday that there should be no general reflation of the economy before the autumn at the earliest...

Trafalgar prepares £12½m. bid for Beaverbrook

BY MARGARET REID
A CLASH is looming over the price for the non-voting shares of Beaverbrook Newspapers...

Human rights campaign has hit arms talks, Carter says

WASHINGTON, June 26.
PRESIDENT JIMMY CARTER conceded publicly for the first time this weekend that his human rights campaign had proved a much greater obstacle in the way of improving relations with the Soviet Union than he ever expected...

Crucial Morpeth decisions expected

BY MICHAEL LAFFERTY
CRUCIAL DECISIONS on the fate of the controversial proposals for introducing current cost accounting (CCA) could be taken at Wednesday's meeting of the Accounting Standards Committee...

Devolution

Mrs. Thatcher and her senior Conservative colleagues will be supremely sceptical that an administration that has shown itself as accident-prone as Mr. Callaghan's in recent weeks can possibly survive for so long...

Notes cast

So far well over 21,000 votes have been cast by the Institute's 60,000 members and a majority of about five to four is believed to support the "rebels" opposing any form of mandatory CCA...

Challenge

But Mr. Ward offered to cooperate with the mediator "so far as my attendance at the High Court hearings permits" in a letter to Mr. Booth...

BP offer is subscribed 4.7 times says Bank

BY MARGARET REID
THE GOVERNMENT'S record-breaking £500m. offer of British Petroleum shares has attracted a heavy over-subscription...

Blow to hope of Grunwick settlement

BY DAVID CHURCHILL, LABOUR STAFF
HOPES OF a mediated settlement in the 11-month dispute at the Grunwick film processing laboratories in North London, where almost 300 pickets have been arrested in the past two weeks, received an apparent setback last night...

BP offer is subscribed 4.7 times says Bank

BY MARGARET REID
THE GOVERNMENT'S record-breaking £500m. offer of British Petroleum shares has attracted a heavy over-subscription...

Spencer House advertisement: Restoration by Haslemere Estates Limited in conjunction with Friends' Provident Life Office. To Let 17,890 sq. ft. of refurbished offices. Richard Ellis, Chartered Surveyors.

LOMBARD

How to compete with Japan

BY GEOFFREY OWEN

THE BASIC reasons for Japan's success in world markets is that Japanese companies are efficient...

Defeatist The Japanese can reduce the danger in two ways. One is to create new jobs in Europe...

Temporary

The arrangements are supposed to be temporary; one of the purposes is to give the affected industry time to put its house in order...

In this case the American steelmakers have gone beyond the point at which a gentlemanly response from Japan can be expected...

THE WEEK IN THE COURTS

Review of the system

BY JUSTINIAN

CRIMINAL PROCEEDINGS, whereby the individual citizen may lose his liberty, his reputation and his property...

It is because on every side there is doubt, given those precedents, about how visible our criminal justice system is today...

Big question

Such a large question might not strictly fall within the terms of reference, since there is a presumption not only that we shall continue to have a criminal justice system...

Urgent need

Nothing that has happened since that report has diminished the urgent need for a thoroughgoing review to achieve a balance between the forces of law and order and the dictates of civil liberties.

The strawberries run out as the crowds roll in

TENNIS

BY JOHN BARRETT

APART FROM the presentation of past champions on Monday to mark 100 years of Wimbledon...

To-day's women's quarter-final matches have considerably more promise than all but one of tomorrow's men's last eight...

Derby winner equals record at White City

In 29.16 seconds at the White City Stadium on Saturday night, Mr. Raffaele Bacci, an Italian-born Manchester businessman...

Ballesteros does it the hard way

GOLF

BY ROGER PAUL

SEVERIANO BALLESTEROS won a tournament he had no right to win at May Park on Saturday. But then he often does. The pattern of his victory in the £30,000 Uniroyal International championship...

Urgent need

Nothing that has happened since that report has diminished the urgent need for a thoroughgoing review to achieve a balance between the forces of law and order and the dictates of civil liberties.

Economics of the counties

CRICKET

BY TREVOR BAILEY

THE WILLINGNESS of so many of the world's best players to sign for Mr. Kerry Packer and be used as expensive pawns in his efforts to gain control of televised cricket in Australia is easy to understand.

TV Radio

Table listing TV and radio programmes for BBC 1, BBC 2, and other channels, including times and titles.

LONDON

Table listing London radio programmes for BBC 1, BBC 2, and other channels.

SOUTHERN

Table listing Southern radio programmes for BBC 1, BBC 2, and other channels.

ATHLETICS

By MICHAEL THOMPSON-NOEL

The race confirmed that Black Africa's refusal to allow its athletes to compete against New Zealanders has been fully melted in sweetness and reason...

F.T. CROSSWORD PUZZLE No. 3415

Crossword puzzle grid with numbers 1-27.

ACROSS 1 Triangular decoration - I'm first to find it a hideaway (8) 2 A notice in the exhibition to follow (6) 3 Record set getting thinner (8) 4 And panting 'Time tolled after him' (Johnsoo) (2, 4) 5 The fashionable world in increase with drink (8) 6 Let nothing return above the door (6) 7 Pageants for the myopic (10) 8 You can get on via Ascot to this province (4, 6) 9 Offer leaves raw recruit a foot start (8) 10 Have a meal when the fish are taking (3, 1, 4) 11 Pasta for the simpton (6) 12 Weapon on which wince take their stand (8) 13 Heh finds the good man most discreet (8) 14 Last-mentioned, among the Poles - just a slur (8) 15 Terrier found in smart chemical (8) 16 Take a bird in The Plough (7) 17 Doctor needs the right drink for confidence (6) 18 Fool gets direction incorporated with order on deck (10) 19 A disadvantage but sounds a convenient cover (8) 20 Let's idea can mean dilation for the heart (8) 21 Who gives air to a wench (8) 22 A brief by chance (10) 23 A note for the workers after this month (8) 24 Let's money on a horse? Just part of the service (8) 25 Equality fit in addition (4, 2) 26 Panel allowed after a flap (6) 27 Six from Rome upset true goodness (8) 28 All in by toys - and grace is dead (Macbeth) (6) The solution of last Saturday's prize puzzle will be published names of winners next Saturday.

ANGLIA

Table listing Anglia radio programmes for BBC 1, BBC 2, and other channels.

WESTWARD

Table listing Westward radio programmes for BBC 1, BBC 2, and other channels.

Ovett clips Clement's U.K. mile record

ATHLETICS

By MICHAEL THOMPSON-NOEL

HOPE that Britain may once again possess a miler of the calibre of the sprinters and middle-distance runners who have strengthened at Crystal Palace yesterday, when Steve Ovett, the 27-year-old Brighton student, ran a scorching 4 minutes to clock a U.K. national record of 3 minutes 54.60 seconds.

RACING

BY DOMINIC WIGAN

SOME USEFUL sprinters clash in this afternoon's £4,000 Home Ales Gold Tankard at Nottingham, and the Midlands course, which also stages the Nottingham Stewards Stakes, deserves a good attendance.

BBC Radio London

Table listing BBC Radio London programmes for BBC 1, BBC 2, and other channels.

WEIGHTS

By MICHAEL THOMPSON-NOEL

My idea of the likely winner of the six-furlong Home Ales Gold Tankard is Richard Haughton's Breeze Boy, Cray No More. Although he was a disappointment at Kempton just over two weeks ago in the Herton Handicap, for which he started favourite, Cray No More seems sure to go down off to-day's appointment at Kempton.

Shaw Festival by B. A. YOUNG

Shaw Festival at Niagara-on-the-Lake is playing its 16th season...

...represented this year by *Superman* (of which a performance will be given with the Don Juan in act), *Widowers Houses*, *The Two Grooms* and *Great Expectations*...



Patron Whitehead as Ronald Gamble and Tony van Bridge as Sir Hector Benbow in 'Thank You'

...it happened, my first sight of Whitehead was in *Thank You* at the Festival Theatre, as old Gamble, which I suppose always he knows as the Mr. Lyon part. Mr. Whitehead is quite such an expert with his eyes as Mr. Lyon, and has a more mobile style of life...

Mr. Whitehead has been excessively concerned with his problems over *Man and Superman* for *Widowers Houses* at the Little Courthouse Theatre, which he directs, is a disaster...

The Courthouse auditorium, converted to a theatre from an ordinary court-room, is small and intimate, calling for what we might call *Traverse* or *Open Space* acting. Yet here we have Neil Murray, an actor who has given *Hamlet* in his time, vibrating with palpable emotion throughout Act I, charging at every thought like a bull at a gate...

Blanche Sartorius, the slum-landlord's daughter, falls in love with, is played by Kristin Griffith as if all her moves were being called for from the wings by the director; she sustains a steady fortissimo most of the evening. Ronald Bishop, a vast authoritarian figure as best father, rumbles through the performance like a Chieftain tank...

Maltings, Snape

The nearest thing to a staged opera at the present Aldeburgh festival was a single performance of *Maltings* at the Snape Maltings...

Where the versatile and willing young company did not show up so bravely was in the solo singing. The choruses went well and were well served by soloists Ann Murray, John York Skinner, Nell Jenkins and John Tomlinson...

As a Jubilee offering this *Fairy Queen* doesn't quite make it. Clifford Curzon's recital at the Maltings included a Brahms group which accidentally complemented Michelangelo's *Brahms* in Zurich earlier in the week...

On the same evening, in the same hall, John Williams and Paco Peña shared a recital of classical and flamenco guitar. Mr. Williams played the *Bach Chaconne* and a Spanish piece including a striking *Fantasia* by Mudarra and Sanz...

Festival Hall

Nothing, it seems, reduces an audience so easily as the less than stellar works of favourite composers—or how explain that a admirably chosen programme conducted by Edo de Waart yesterday afternoon for the English Chamber Orchestra...

lovable perhaps, but not so rich in prodigious surprises, from the disturbing, melancholy pages in G minor and D minor to jokes like the extra note added to the instant horn phrase in the concerto Rondo the last time round or the juggling with slurs and accents at the very end...

Festival Hall

In accordance with etiquette, the conductor insisted that the soloist precede him on to the platform. But it was Sir Adrian Boult whom the audience rose to its feet to welcome, and later to farewell, at Friday's concert in aid of the United Nations Association...

Festival Hall

Stoppard play for Festival Hall. The John Player Centenary is secondary to the drama. Shakespeare Company in the *Conscience Year*, the play would premiere performance of *Every Good Boy Deserves Favour*...

Albert Hall

Forest Philharmonic by ARTHUR JACOBS. The Forest Philharmonic Orchestra describes itself not as an amateur but as a "community and training orchestra"...

Palladium

Neil Diamond by ANTONY THORNCROFT. The size of Neil Diamond's ego is almost as large as his ego and with so many people thinking he is marvellous it is perhaps not surprising that he should go along with the mass two professional dancers will vote...



Neil Diamond

Wigmore Hall

Sena Jurinac by MAX LOPPERT. For the much-loved Yugoslavian soprano on Saturday, roof-raising cheers from a packed Wigmore Hall, and throughout the evening the most genuine and abundant kind of audience affection...

The Entertainment Guide is on Page 7

they actually deliver. He also carries around with him the mystery of a four-year gap from performing. He is not staid. All these pluses were on view at the Palladium backed by a very professional, and expensive, band...

The City Music Trail

The City Music Trail celebrates the Queen's Silver Jubilee by drawing attention to the historical, musical and literary associations of areas of the City, through which Queen Elizabeth II passed on her coronation procession in 1558/9...

Only three paintings have ever been auctioned for £1,000,000 or more.



Velazquez: Portrait of Juan de Pareja. Sold in 1970 for £1,100,000. Titian: The Death of Actaeon. Sold in 1971 for £1,040,000. Duccio: The Crucifixion. Sold in 1976 for £1,000,000.

They were all sold by Christie's.

Christie's. The First Fine Art Auctioneers—since 1766. Christie, Manson & Woods Ltd., 8 King Street, St. James's, London SW1Y 6QT, England. Tel: (01) 839 9060 Telex: 916429

EURO-LANG TAPES Talk Business and much more. EURO-LANG TAPES KNOWLEDGE SOLIDLY KNOWN SINCE 1952

Iranian deal with Brazil could generate trade worth \$6.5bn.

BY DAVID WHITE

RIO DE JANEIRO, June 26.

UNPRECEDENTED part of deal between Brazil and Iran is expected to result in trade of at least \$6.5bn. over next five years, guaranteeing a large part of its fuel...

The agreement does not specify what the Iranians will buy, but likely items are soybeans, maize, sorghum, meat, rice, sugar, vegetable oils and railway equipment...

agricultural combine, Cooperativa Tricicola de Itui and Iranian banks, which will hold the majority. Other projects for joint ventures which have been brought up in recent discussions between Brazil and Iran...

Krupp wins Iran order

BOCHUM, June 26.

FRIEDRICH KRUPP Hoeschtwerke has announced two contracts from Iran, which holds a 25 per cent stake in the company.

Because of this, the company said it will have to pass a large part of the deal on to other EEC steel companies, although it will fulfil at least half itself.

AUSTRALIAN CHEMICALS

A cracking race for new investment

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN petrochemical industry is ready to embark on a large-scale round of expansion—the first new major investment projects in almost a decade.

The cracker contenders are ICI Australia, Dew Chemicals, Esso-Mobil and Shell. Moreover, it is not only the companies which the stakes are high: three State Governments are competing to attract the investment for the taxes and employment it will bring.

Local annual ethylene capacity at present is about 240,000 tonnes with APC accounting for almost 60 per cent. Consumption was increasing at the rate of about 15 per cent a year until 1974 when demand fell sharply.

possible to pipe the liquids to the coast and export them or to pipe them to an existing light crude refinery at Brisbane in produce a high octane fuel, but a petrochemical venture would be the preferable solution, provided it can be economic.

The infrastructure costs reportedly run to around \$450m, and include a 450 kilometre liquids pipeline from the Cooper Basin, a power station, wharf facilities in cope with ships up to 60,000 tonnes, housing, rail road and water facilities.

Long shot

A further long shot is a petrochemical complex in the Pithara region of Western Australia, based on the large natural gas fields of the north west coast.

Still keen

The S.A. Government is still keen to see the venture go ahead and has once again interested Dow. Some cynical industry observers maintained that ICI lost interest in Redcliff as soon as it had obtained the front running and kept Dow out of the market.

Short-lived activity in tanker market

UPSURGE in activity in the Mediterranean and Caribbean by last week proved short-lived, and the overall picture of tanker market remains largely unchanged.

Eaton plant opened in France

A NEW £12m transmission plant has been opened at St Nazaire in France by Eaton Corporation, the U.S.-based truck components company, in an effort to expand its sales to commercial vehicle manufacturers on the Continent.

Singapore deficit improves

SINGAPORE'S external trade deficit in May was \$529.7m, according to latest figures published by the Department of Statistics here.

Short-lived activity in tanker market

BY OUR SHIPPING CORRESPONDENT

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By Terry Dodsworth, Motor Industry Correspondent

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Singapore deficit improves

BY OUR OWN CORRESPONDENT SINGAPORE, June 26.

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Yugoslav loan guaranteed

The Export Credits Guarantee Department has guaranteed the repayment and availability of funds for a \$3.5m. loan arranged and made available by Barclays Bank International to Guminch, Belgrade, Yugoslavia.

Finnish plant in Ireland

FINANCIAL TIMES REPORTER

TIKAS of Finland, is to invest £1m. in a new garment manufacturing operation in Thurles, near Limerick in the Irish Republic, which will give employment to 160 people by 1979.

World Economic Indicators

Table with columns for Country, Exports, Imports, Balance, and dates (May 77, Apr. 77, Mar. 77, May 76). Rows include U.K., France, Germany, Italy, Spain, Belgium, and Luxembourg.

Israeli arms exports rise

By L. Daniel

EXPORTS by Israeli State-owned enterprises making military supplies rose by 80 per cent in 1976 to \$85m, according to their director, Mr. Michael Shur.

Air cargo bid fails

BRITISH AIRWAYS has failed in attempt to appeal against a U.S. District Court ruling which stops and the airline from applying its revolutionary cargo contract and specific commodity rates from the U.K. to the U.S.A.

London tea sales

At the tea sales held in London last week 35,338 packages sold realised an average price of 32.17p per kilo, compared with 17.70p at the previous sales and against 17.32p a year ago.

Table of tea sales data with columns for Country of Origin, Average Price per kilo, and No. of packages. Includes countries like Assam, Ceylon, and Kenya.

PLANT & MACHINERY SALES

Table listing machinery for sale with columns for Description, Price, and Telephone. Includes items like rolling mills, wire drawing machines, and flattening machines.

Large advertisement for Harry Phillips' Auctioneering. Features a magnifying glass over the text 'No buyers' premium at Phillips' Auctioneering'. Includes contact information for London and other cities.

HOME NEWS

State seeks bigger North Sea oil stake

THE BRITISH National Oil Corporation is seeking a bigger North Sea stake. The Department of Energy is considering a plan to grant the Corporation a small number of significant blocks, on top of the licences awarded in the recent Fifth Round of allocations.

Delay

It is thought that Mesa applied for at least one block in the Moray Firth that has not yet been allocated. Amoco was another interested in the licence, although it was excluded because of the delay in signing state participation terms.

any time, and not only in the general licensing round. The corporation is believed to be keen to be the sole licensee on new blocks. It is due to become operator on six Fifth Round blocks and it is already operator on nine blocks awarded in previous rounds.

Over 400 oppose £435m. project

BY KEVIN DONE, CHEMICALS CORRESPONDENT

A PUBLIC INQUIRY opens at Dunfermline to-day into plans announced by Shell-Esso and Esso Chemical to build a £435m. gas processing and ethylene plant at Mossburn, Fifeshire.

The NGL plant is tightly tied in with overall plans for exploitation of the Brent field, which involves a large number of construction and field development projects. Delays on one project could seriously jeopardise the others.

Tussle likely over gas charges

By Ray Darter, Energy Correspondent

BRITISH GAS Corporation is set for a new tussle with the Price Commission. The commission is concerned that since the 10 per cent rise in gas prices on April 1, the corporation has been making excess profits. It has asked British Gas to explain the figures.

Call for tax relief for landlords

BY CHRISTOPHER DUNN

A NEW KIND of tax relief should be given to private landlords as an incentive to keep properties in good repair, according to the National Consumer Council in its evidence to the Rent Act Review Committee at the Department of the Environment.

Group certificate plan rejected

FINANCIAL TIMES REPORTER

THE JOINT Metriculation Board has turned down the idea of a return to a group certificate exam award at 16-plus in favour of the present system of passes on individual subject basis.

The Board has sent its views to the Department of Education. It warned that a group certificate system could have undesirable effects on the school curriculum.

Anti-smoke lobby call to Ennals

By Stuart Alexander

A LAST-MINUTE call for strict advertising controls for cigarettes containing the new substitutes NSM (New Smoking Material) and Cytrel has been made by Action on Smoking and Health, the anti-smoking lobby.

More Home News, Page 30

The ethane cracker will probably be brought on stream in mid-1982, but no final commitment to build is expected from Esso Chemical before late next year.

Parallels

In a parallel planning application Esso Chemical is seeking to build a £230m. ethylene plant at Mossburn together with storage and jetty facilities at Braefoot Bay costing some £40m.

Public hearings to begin in asbestos inquiry

BY DAVID FREUD, INDUSTRIAL STAFF

THE THREE-DAY public hearings of the Advisory Committee on Asbestos begin to-day in London. Written evidence will be presented by companies, individuals and organisations, who will be questioned by Mr. Bill Simpson, chairman of the committee, and other committee members.

Relief urged on travel costs

Mr. Tony Newton, Conservative MP for Braintree, Essex, MP called for tax relief on the cost of travel to work. He said that with Mr. Max Madden, MP, chairman of Asbestos Action.

Transport White Paper to be published to-day

BY IAN HARGREAVES

THE MUCH-DELAYED White Paper on transport policy will be published this afternoon. Originally planned for last autumn, the policy statement comes 14 months after a Government transport policy consultation document. This Orange Paper was written during the tenure of the late Mr. Anthony Crosland as Environment Secretary.

Mr. Peter Shore, but was presented by his successor, Mr. Peter Shore. When a separate Ministry of Transport was re-established during last September's Cabinet changes, Mr. William Rodgers took over as Transport Secretary. His paper will be the first comprehensive Government statement on transport matters since the 1968 Transport Act.

Smaller hotels missed the Jubilee boom

By Arthur Sandles

THE GREAT-JUBILEE tourist boom seems to have passed by some areas of the tourist industry. Owners of a number of smaller hotels claim that stories of packed London hotels deterred tourists and produced a shortage of business.

Page chairman claims success

BY OUR ECONOMICS STAFF

RECOMMENDATIONS IN three of the four main areas covered by the Page Committee on National Savings have achieved a "substantial degree of acceptance," says Sir Harry Page, chairman of the committee.

The small saver "has been accepted and acted on both by the Trustee Savings Banks and the Government. Secondly, the "clear but cautious" proposals on indexing Treasury securities had also been adopted in almost the form the committee proposed.

Finally, however, the rationalisation of Treasury securities still left much to be desired. "The curse of National Savings is the high administrative cost of small units. This is increased by the proliferation of methods of investment, which are administratively wasteful and serve only to confuse the uninformed investor."

Urgent advice to employers with pension schemes.

You probably know that there'll be a new state earnings-related pension scheme from April next year. And that your company can contract employees out of it if your occupational pension scheme meets certain conditions. But did you know that you must, by law, consult your recognised trade unions? That you have to give your employees notice of what you intend to do? That, if you choose to contract out, you must apply to the Occupational Pensions Board for a contracting-out certificate? And that, finally, if you don't get a contracting-out certificate, you and your employees could find yourselves paying more contributions than you meant to? Time is short. Consult your pensions adviser without delay.

Issued by the Department of Health and Social Security and the Occupational Pensions Board. To DHSS Leaflets Unit, Block 4, Government Buildings, Honeypot Lane, Stanmore, Middlesex HA7 1AY. Please send _____ copies of leaflet "Social Security Pensions Act 1975: Guide for employers with occupational pension schemes" (NP 23).

Savings up £50m. in May

NET NEW savings rose by nearly £50m. in the four weeks ending May 28 which, with a further net accrued interest of £41.4m, took the National Savings total to £13.3bn.

The improvement was described yesterday by Sir John Austey, leader of the savings committee, as a "useful increase."

The major contributor was the National Savings Certificate where receipts of £51.1m. led to a net gain of £18.8m. At the same time, the investment accounts in the National Savings Bank benefited to the tune of £23.5m, a record for a four-week period, and more than offsetting the receipts of £33.1m. in ordinary accounts, the lowest since December 1973.

Altogether the bank showed a net surplus of £11.4m. during the period while the Trustee Savings Banks added another £5.2m. after a decline of £1.8m. in ordinary accounts, and an increase of £10m. in special investments.

Save as you earn input was a record £7m., exceeding payments by £4.2m. And premium bond sales of £13.1m. exceeded repayments by £8.1m.

NATIONAL SAVINGS table with columns for 1977/78 and 1976/77, and rows for Savings Cert., Sp. Inv. Dep. Current acc., Total, and Govt. Inv. Total.

Readicut new record levels

- * Profit at £7,218,573 up by £1,618,729
* Sales at £67,720,000 up by £19,120,000
* Export Sales at £17,681,000 up by £7,086,000

SUMMARISED RESULTS table with columns for 1977 and 1976, and rows for Sales, Profit before taxation, Profit after taxation, Profit after taxation and extraordinary items, Amount absorbed by Preference and Ordinary Interim and Final Dividends, Group Profit Retained, and Earnings per share.

Copies of the Report and Accounts can be obtained from the Secretary, Harbury, Wakefield, West Yorkshire.

Readicut International Limit

Handwritten signature and stamp at the bottom of the page.

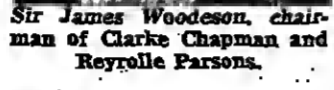
CLARKE CHAPMAN/REYROLLE PARSONS MERGER

Choosing the right partner

BY MAX WILKINSON

It is clear that one of the main pressures behind the proposed merger of Clarke Chapman and Reyrolle Parsons is a feeling of North East solidarity. The strength of local feeling is emphasised by Sir James Woodson, chairman of both companies, when he announced a plan at the week-end...

On the other hand, the scope for combining the basic research and development efforts would appear relatively small. The main advantage suggested by the companies is that the new group would have a "wide diversity of products" with the finance and combined switchgear, which would thus be attractive to Hawker.



Sir James Woodson, chairman of Clarke Chapman and Reyrolle Parsons.

POWER PLANT MAIN COMPANIES

Clarke Chapman, Sabcock and Wilcox, turbine generators; GE, Reyrolle Parsons, Parsons; GE, Reyrolle Parsons, Hawker Siddeley, transformers; GE, Reyrolle Parsons, Hawker Siddeley, Ferranti.

It appears, therefore, that there is very little in the proposal to which anyone can object, unless he argues that it would prevent a different sort of merger involving a fundamentally better restructuring of the heavy engineering industry.

Quarterly analysis of bank advances

Table with columns for 'ADVANCES TO U.K. RESIDENTS', 'MANUFACTURING', 'OTHER PRODUCTION', and 'SERVICES'. Rows include London clearing banks, Scottish clearing banks, Northern Ireland banks, All banks, and various currency changes.

Entertainment Guide

Entertainment Guide listing theatres, operas, ballets, and cinemas. Includes sections for Opera & Ballet, Theatres, and Cinemas with showtimes and ticket prices.

AN OIL BROKER AND OIL TRADER. Are required by a major international independent Oil Broking and Trading Company. Write Box A.5979, Financial Times, 10, Cannon Street, EC4A 4BY.

LEGAL NOTICES. In the HIGH COURT OF JUSTICE Chancery Division COMPANIES COURT. NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named company...

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COMPANIA DE DIAMANTES DE ANGOLA (DIAMANT) Notice of General Meeting of Shareholders. The shareholders are called to attend a general assembly on July 12th 1977, at 15.30 hours...

ART GALLERIES. SPITHEAD ARTISTS. NOTICE IS HEREBY GIVEN that the REGISTER of Members of the Company will be closed from the 27th July 1977 to the 7th August 1977...

VALUATION

The following is a copy of a valuation of the Group's freehold properties which has been received from Ackroyd & Sons, Incorporated Valuers and Auctioneers...

Table with columns: Schedule, Description, Value. Lists properties like Freehold hotel, Freehold restaurant, and Freehold property with their respective values.

ACCOUNTANTS' JOINT REPORT

The following is a copy of a report in respect of the Group which has been received from Levy, Hyams & Partners, and Coopers & Lybrand, Chartered Accountants...

The Directors, City Hotels Group Limited, 35/39 Inverness Terrace, London W2 3JR

City Hotels Group Limited ("the Company") was incorporated as a private company on 1st January, 1974...

We have examined the audited accounts of the Company and the companies which are now subsidiaries...

The companies have made up accounts to the Sunday nearest to 31st December in each year...

The significant accounting policies adopted in arriving at the financial information set out in the report are as follows...

Other factory and office furniture, fixtures and fittings 15 per cent - 20 per cent. Motor vehicles 25 per cent.

Table with columns: Description, 1976, 1975, 1974, 1973, 1972. Shows profit and loss account details.

The combined profit and loss accounts of the Group for the five years ended 31st December, 1976, after making appropriate adjustments to the audited accounts, are set out below...

Table with columns: Description, 1976, 1975, 1974, 1973, 1972. Shows depreciation and interest payable details.

If depreciation were provided in the accounts on the basis adopted for the purposes of this report, the future effect on the Group's profits would be to increase the annual depreciation charge by £26,000...

Table with columns: Description, 1976, 1975, 1974, 1973, 1972. Shows balance sheet details for fixed assets and current assets.

Table with columns: Description, 1976, 1975, 1974, 1973, 1972. Shows current assets and liabilities.

Table with columns: Description, 1976, 1975, 1974, 1973, 1972. Shows directors' loans and net tangible assets.

Table with columns: Description, 1976, 1975, 1974, 1973, 1972. Shows fixed assets as at 31st December 1976.

As stated in paragraph 7(c) above, deferred taxation, which would amount to £416,000, is not provided in respect of the surplus arising out of the revaluation of the Group's freehold properties...

Table with columns: Description, Secured Loans, Repayable by instalments over periods ending, Interest Rate.

Table with columns: Description, Share Capital, Share Premium, Reserves, Non-distributable. Shows share capital and reserves details.

At 31st December, 1976, there were no material contracts outstanding for capital expenditure, nor had any material capital expenditure been authorised by the Directors...

ARTICLES AND GENERAL INFORMATION

Share Capital immediately prior to 24th June, 1976, the authorised share capital of the Company was £100 million...

The issued and unissued Ordinary Shares of 10p each were consolidated into 400,000 issued Ordinary Shares of 20p each...

The aggregate amount of the Directors' remuneration for the year ended 31st December, 1976, amounted to £20,000...

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Directors' and other interests after completion of Contract 19 the interests (as defined by the Companies Act 1967) of the Directors and their families in the Ordinary Shares of the Company will be as follows...

Table with columns: Name, Beneficial, Non-Beneficial. Lists directors and their shareholdings.

It is intended that as part of the placing arrangements Abingworth Limited will be beneficially interested in 300,000 Ordinary Shares being 10 per cent of the issued share capital of the Company...

The aggregate remuneration of the Directors of the Company for the year ended 31st December, 1976, amounted to £20,000...

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Contract dated 2nd June, 1977, between Reginald Kaye and Anne Kaye (as Trustees) (1) and the Company (2) whereby Reginald Kaye and Anne Kaye (as Trustees) agreed to exchange 25 Ordinary £1 Shares fully paid in Dayville Supplies...

Contract dated 2nd June, 1977, between Philip Kaye (as Trustee) (1) and the Company (2) whereby Philip Kaye (as Trustee) agreed to exchange 24 Ordinary £1 Shares fully paid in Dayville Supplies...

Contract dated 21st June, 1977, between Harwood Manor Limited (1) and the Company (2) under which Harwood Manor Limited agreed to transfer its business and undertaking of and in the Harwood Hotel to the Company...

Charge dated 22nd June, 1977, on the headlease of the Harwood Hotel, by the Company (1) in favour of Barclays Bank Limited (2) giving security in respect of an advance to the Company of £500,000 by Barclays Merchant Bank Limited...

Mortgage dated 22nd June, 1977, by the Company to Barclays Bank Limited whereby in consideration of Barclays Bank Limited giving to Barclays Merchant Bank Limited a Guarantee and/or Indemnity in respect of the repayment of the sum of £500,000 with interest thereon to Barclays Merchant Bank Limited by the Company...

Three Service Agreements dated 14th June, 1977, between the Company (1) and respectively Philip Kaye, Reginald Kaye, and Michael Howard Brower (2) under which each of the said persons agreed to serve the Company as Executive Directors for a period of 5 years at an annual salary of £10,000...

Placing Agreement dated 24th June, 1977, between Philip Kaye and Reginald Kaye (1) the Directors of the Company (2) the Company (3) and Barclays Merchant Bank Limited (4) under which Philip Kaye and Reginald Kaye agreed to subscribe for 1,050,000 new Ordinary 20p Shares at a price of 60p per share...

General (1) The Company has guaranteed the obligations of two Dayville franchisees under leases having an annual aggregate rental of £13,250 subject to review. In addition the Company has guaranteed the full purchase commitments of one of these franchisees in an amount of £1,408...

(2) No issue of shares will be made (other than to shareholders pro rata to existing holdings) in excess of 2 per cent of the issued share capital within the first six months nor in excess of 5 per cent of the issued share capital within the first year following the admission to listing without prior approval of the Company in General Meeting...

(3) No issue of shares will be made which would effectively alter the control of the Company or the nature of its business without prior approval of the Company in General Meeting...

(4) The minimum amount which in the opinion of the Directors must be raised by the issue of the 1,050,000 new Ordinary Shares of 20p each in order to provide for the matters stated in Paragraph 4 of Part I of the Fourth Schedule to the Companies Act, 1948 is £1,808,882 made up as follows:— (a) purchase of property, £100,000; (b) preliminary expenses and commission, nil; (c) repayment of monies borrowed for purchase of property, nil; (d) working capital, £50,882. The balance of the proceeds of the issue, namely £438,108, will be applied in the repayment of the loans from Directors amounting to £306,808 and as to £132,300 in payments of the expenses payable by the Company referred to below...

(5) Save as disclosed herein (i) no unissued share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option, (ii) no share or loan capital of the Company or any of its subsidiaries has (otherwise than to the Company or another subsidiary) within two years preceding the date of these particulars been issued, agreed to be issued, or is now proposed to be issued either for cash or otherwise, and (iii) no commissions, discounts, brokerage or other special terms have been granted within the said two years by the Company or by any of its subsidiaries in connection with the issue or sale of any part of their respective share or loan capitals...

(6) Save as disclosed herein, (i) no Director has or has had any interest in any assets which, within two years of the date of these particulars, have been, or are proposed to be, acquired or disposed of by or leased to the Company or any of its subsidiaries; and (ii) there are no contracts or arrangements subsisting in which a Director is materially interested and which are significant in connection with the Company and its subsidiaries taken as a whole...

(7) Neither the Company nor any subsidiary is engaged in any litigation of material importance or has any litigation or claim of material importance pending or threatened against it...

(8) The Company will pay the costs and expenses of and incidental to the reorganisation and increase of its share capital and the application for listing for its Ordinary Shares, accountancy, legal, valuation and registration fees, printing and advertising costs, and a fee to Barclays Merchant Bank Limited. The aggregate costs and expenses payable by the Company are estimated to amount to £132,500 (excluding VAT)...

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always given whether dividends are to be paid as interim or final. The sub-divisions shown below are based mainly on last year's timetable.

TO-DAY: Authority Invest. Cassette Notes, S.W., 11.30; B.N.I. Synthon, Sheffield, 12; B.N.I. Synthon, Winchester House, E.C., 11; Finance Trustees, 24, Baker Street, W.1; Inter-City Inv., Winchester House, E.C., 10.30; O'Brien Inv. Tr., 10, Leadenhall Street, E.C.

BOARDS MEETINGS: Gorman Smith, 24, Baker Street, W.1; J.M.S. Invest. Tr., 24, Baker Street, W.1; J.M.S. Invest. Tr., 24, Baker Street, W.1; J.M.S. Invest. Tr., 24, Baker Street, W.1.

DIVIDEND & INTEREST PAYMENTS: Authority Invest. Cassette Notes, S.W., 11.30; B.N.I. Synthon, Sheffield, 12; B.N.I. Synthon, Winchester House, E.C., 11; Finance Trustees, 24, Baker Street, W.1; Inter-City Inv., Winchester House, E.C., 10.30; O'Brien Inv. Tr., 10, Leadenhall Street, E.C.

COMPANY MEETINGS: Authority Invest. Cassette Notes, S.W., 11.30; B.N.I. Synthon, Sheffield, 12; B.N.I. Synthon, Winchester House, E.C., 11; Finance Trustees, 24, Baker Street, W.1; Inter-City Inv., Winchester House, E.C., 10.30; O'Brien Inv. Tr., 10, Leadenhall Street, E.C.

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Table of financial data with columns for company names and values. Includes entries like 'British Overseas Airways Corp.', 'British Airways', 'British Airways', etc.

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Businessman's Diary U.K. TRADE FAIRS AND EXHIBITIONS. Table listing various trade fairs and exhibitions with dates and locations.

OVERSEAS TRADE FAIRS AND EXHIBITIONS. Table listing overseas trade fairs and exhibitions with dates and locations.

BUSINESS AND MANAGEMENT CONFERENCES. Table listing various business and management conferences with dates and locations.

APPOINTMENTS

P. Gregson to leave NEB post

Mr. Peter Gregson, on completion of his period of secondment from the Civil Service, will be relinquishing his appointment as secretary of the NATIONAL ENTERPRISE BOARD on August 8.

Mr. J. W. Northwood has resigned as chairman and chief executive of DOWNS SURGICAL, after more than 50 years in the industry.

Mr. John Goeddel has resigned as group managing director of MARTIN-BLACK, but remains on the Board.

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Where to test drive the Scimitar GTE. Advertisement for the Scimitar GTE car.

RELIANT SCIMITAR GTE High performance estate. Large advertisement for the Reliant Scimitar GTE car.

This week in Parliament

Table listing parliamentary business for the week, including bills, motions, and committee reports.

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

MANAGEMENT EDUCATION

BY MICHAEL DIXON

The mystery of action-learning

GOOD basic text for all management education would be to set them to work on real problems. There are no panaceas. Experience suggests that the most needs to be addressed, not on the walls of business schools, but in the lives of their potential students.

The general failure of management education in this country to achieve even what might reasonably have been expected of it can be blamed to a considerable extent on the tendency of working managers to seek shortcuts. The majority of management teachers who have resisted this glibly demanded often see the efficacy of it more reliable, if limited, agents go unrecognised and customers' expectations of it more. The introduction of sensible development of approaches is hampered by market's penchant for stretching them up and another them with over-enthusiasm.

Exerts an attraction

Moreover, once a technique comes known as a supposed xir, it exerts an attraction all beyond the people who ve the prospect and price of taining it. Many others react deciding that since they can't have what they want, they not want what they can ve.

One of the approaches which aims to have become mystified in this way over recent ars is action-learning. In its an form, this consists of eing a number of (usually rly senior) executives from normal ties of their jobs, ing them some brief formal

him, but only by driving on a or more of the programme no Sunday from London that a techni- new job will be available for cal college near Nottingham the participants at a higher where he had settled for a level of their company, although couple of hours before flying to their employer has meanwhile Texas or somewhere. But in decided that to have them back that short time, he enthused me, a waste of expensively developed talent. In these circumstances appeal may lie in the much "waste not" can easily become observed reluctance, particu- larly of senior managers, to enga in forms of management

Action-learning can contribute in ways that formal instruction cannot, and so has an important part to play as a complement to more standard methods of study . . .

The participants are also assigned to tutors, who may be company executives or management teachers or both. The main purpose of the tutors is not to tell the learners how to surmount the obstacles they encounter, but to provide them with resources such as a different perspective, a sounding board, and perhaps a link into a management school or another facility where the necessary knowledge may be found.

The appeal of this approach would be hard to explain comprehensively. Certainly it has been promoted with enthusiasm, and more than a hint of the evangelical, by Professor Reg Revans. He has now initiated action-learning programmes in so many different places that keeping in touch with them requires him to travel round the world a bit like the Flying Dutchman: I did once manage to have a conversation with

education that smack of "going back to school." Some say the reluctance is due to senior executives' fear of being exposed in the lecture theatre or seminar room as something less than omniscient. Others say it is because they are afraid of going away from their job to study, in case it isn't there when they get back. Either way, action-learning can be seen as having advantages over formal instruction.

Other supposed advantages, however, are attended by definite risks.

The would-be participant may well be attracted by the idea, view that the experience has developed their managerial abilities to a degree that could not be matched by simpler means, say, by their employer's providing time and inducement for regular, frank tutorials with senior executives. Nor can their heads against for years. But this prospect is balanced, fairly viewed as the sole means to say the least, by the danger of cultivating the broadened perspective and sharper politi-

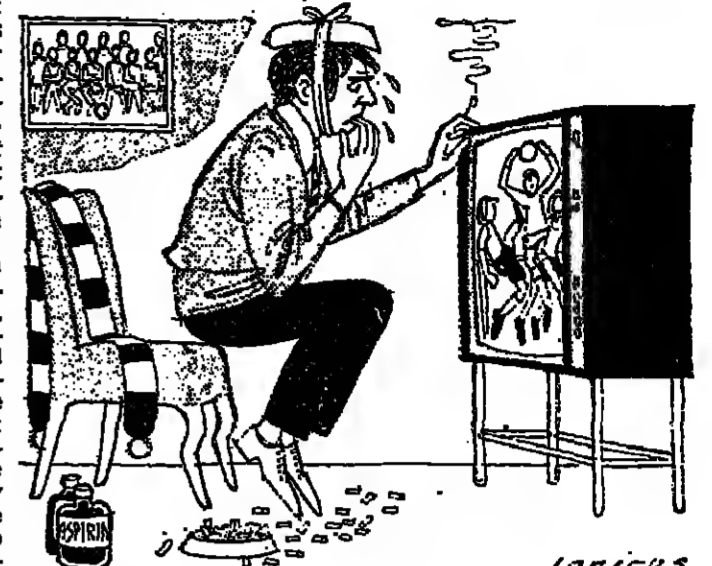
EXECUTIVE HEALTH

BY DR. DAVID CARRICK

The truth about headaches

I SUPPOSE that the commonest ailment afflicting mankind is headache. Whether or not other animals suffer likewise is unknown, but I suspect that quadrupeds do not; and it is interesting to speculate at what point in evolution the trouble first started . . . possibly when apeman raised himself up to bava a go at stone-knapping.

Most people accept this bana so long as it is of short duration and due to accepted causes, such as fluid-dietary indiscretions, and when it is despatched by one of the innumerable panaceas which, if one believes the television advertisements, act with astonishing rapidity, particularly if "approved by the medical profession." It is only when there is no known cause and when the ache will not go away, or if relief by those medicaments is of a temporary nature, that people begin to worry.



Eye-sight is usually blamed first. So, a visit is made to the optician who is happy to be accommodating for a reasonable sum. Then, if despite the new glasses, the trouble persists, patients urge their doctors to send them to the Ear Nose and Throat surgeons, who may, if they have time, put them on the waiting-list which, in these enlightened days, runs neck and neck with an average glacier.

Meanwhile the headaches go on, mainly affecting the forehead and the back of the neck. The sufferer worries. Kind friends suggest causes varying from high blood pressure to brain tumours, and recall exactly similar symptoms in old friends and relatives—"all dead now, poor souls!" Little comforted, the patient loses sleep and the headaches get worse and, in some individuals, other strange symptoms develop, such as tingling in the left foot spreading up to the right ear accompanied by numbness of various parts of their anatomy plus breathlessness and other totally unconnected disturbances of a bizarre nature.

Nine times out of ten the disorder is a tension headache. Now some interpret the adjective as being purely psychological—due, no doubt, to some totally unknown incident that befell the sufferer before he was born. Others dismiss the psyche and say that it is entirely muscular tension due to fibrositis. Of course the truth lies between the psyche and the soma: the trouble is both psycho-somatic and somato-psyche, because the brain cannot be divided from the body except by severe and fatal trauma like the type Sir Walter Raleigh had, briefly, in mind when, on observing the others that are not remembered, he said: "Tis a sharp remedy, but a sure one for all friends and relatives—" all ill."

The great muscles of the trunk and shoulders are inserted into the base of the skull. If unnatural tension occurs in parts of these muscles, due to fibrositic nodules, then the scalp is tugged backwards. Although the brain itself cannot feel pain, the scalp most certainly can, and that pain varies from dull aching over the eyes and in the top of the neck to sharp pains associated with the movements of the head.

In such cases, areas of great tenderness can be found. They are usually in the right shoulder and near the left shoulder-blade in right handed people and vice-versa in those with the sinister approach. The application of heat followed by expert massaging of these areas can produce miraculous relief in most patients.

Why, though, do the fibrositic nodules develop? Maybe old injuries; bad posture; pillows that are too hard or too soft; or violent and unusual exercise such as wrestling or pulling up bricks, in brief, in hindwired. All these and many others that are not remembered, but where does the psyche enter the picture? Well, spasm causes pain and pain causes spasm while worry and fatigue exacerbate both sides of a poor penny.

Those heavily advertised pills mentioned earlier certainly help, but they do not cure a condition that requires specialised treatment. Nonetheless, I wouldn't mind having shares in makers of that drug C.H.O (CH₃CO)COOH or, if you prefer it, the common aspirin.

Taste of top executives

Even so, the balance of costs and benefits of action-learning surely suggest that nobody could realistically regard it as a complete replacement for training courses of the types which can be provided either in company or in business schools. And since these can cater more cheaply for much larger numbers, I have little doubt that they are more important to the national economy than action-learning as a "thing in itself," even though it may be more to the taste of top executives.



Which Director has more drive?

If you're of the opinion that the car you drive reflects the kind of person you are, reflect on this.

Scimitar GTE is the epitome of style and a high performance estate. It can carry adults and at least 20 cubic feet of luggage (40 cubic feet with both rear seats folded forward) at up to 120 mph. quietly. Comfortably.

So the person in control needs to be able to handle power. Responsibly.

Scimitar regularly returns between 24 and 28 mpg (although many owners claim over 30 mpg). At that rate, its 20 gallon tank gives it a non-stop range of over 500 miles. Obviously, instead of wasting expensive energy, Scimitar owners use it. To their own advantage.

As well as being original in concept, Scimitar looks unique. It's long, low and wide. With rustproof handbuilt coachwork mounted on a rugged steel chassis.

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OFFICE OF THE YEAR

BY SUE CAMERON



THE WINNERS of the Office of the Year competition—organised by the Institute of Administrative Management—received their awards from the Duke of Gloucester in London last week.

The contest, which has been run for the past four years, is divided into three sections. The first is for new office buildings specifically designed for the occupiers' requirements and the 1977 award for this group has gone to Truman for its brewery offices in Brick Lane, East London.

The Truman administration building is in the centre of a 300 year-old complex which includes two Georgian houses that the company has renovated. It has 111,000 square feet of space, most of which has been divided into three large, open plan, air-conditioned areas. There is also a restaurant, as well as social amenities for the 1,000 people who work at the brewery.

Speculatively

The second grouping in the competition is for office accommodation provided within the shell of a speculatively built building and this was won by Bland Payne for its office in Queen's Road, Norwich. The Bland Payne office includes a computerised telephone switchboard—pictured above—which enables two operators to deal with 88 simultaneous external calls and 450 different extensions.

The third section in the contest is for offices in an existing building that has been renovated or upgraded to meet the occupying company's needs. This award was won by London and Continental Bankers for its offices at Throgmorton Avenue, London, E.C.2.

The aim of the competition is to improve the office environment. In presenting the awards the Duke of Gloucester, who is himself an architect, said that the majority of existing British offices were "barely fit for human habitation." He added that a well planned office should be flexible enough to accommodate fluctuating numbers of employees and it should also eradicate some of the difficulties that arise when people have to share office space with others.

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Shadow from the Left.

By Robert Mauthner
Paris Correspondent

FRANCE TO-DAY stands on the threshold of a dramatic choice which could fundamentally change the course of its history. At the next general election, due to be held in the early spring of 1981, the voters will have to decide whether to opt for a continuation of the conservative rule of the past 20 years or to take the risk of electing a socialist-Communist government, whose policies are far to the left of any existing Social-democratic regime in Western Europe.

For once, the old French adage "plus ça change, plus ça change" will no longer be applicable if the Left comes to power. The Socialist-Communist programme foresees the nationalisation of nine of the country's biggest industrial groups and the whole of the banking and financial sector and the presence of Communist ministers in the government could lead to a radical modification of France's relations with its Western Allies.

The outcome of the election, of course, is not a foregone conclusion, but the Union of the Left must be given more than an even chance of victory. The country has gradually been moving left for some years now and when President Valéry Giscard d'Estaing scraped home by less than 1 per cent of the national vote in the last presidential election in 1974, when he ran against M. François Mitterrand, he was decisively defeated by the municipal elections in March, in which the Socialists and Communists won control of more than two-thirds of the country's big towns.

Public opinion polls currently

give the Socialists well over 30 per cent of national support and, judging by their recent performance, the Communists should be able to contribute their usual 20-22 per cent. This would probably be enough to give the Left a Parliamentary majority, even though it is not favoured by the present constituency boundaries.

Reasons

There are several reasons for the political turnaround. Without any doubt, the Left has benefited from the normal swing of the pendulum away from the parties in power and, in France, they have been in power ever since General de Gaulle returned to the helm in 1958. It has also reaped the rewards of maintaining a basically united front, in spite of all the intermittent internal squabbles, since 1972, when the Socialists, Communists, and Left-wing Radicals agreed on their common programme.

The new "Eurocommunist" line, adopted by the Communists at their last party congress in 1976, has done much to reassure an electorate which, when it comes to the crunch, has always succumbed to the "Red scare"—that is, until the municipal elections last March. M. Georges Marchais, the Communist leader, has gone out of his way to emphasise that his party no longer accepts orders from Moscow, condemning the Soviet Government's treatment of dissidents, and supports a

policy of complete national independence.

Not least, the Union of the Left has been strengthened by the bitter quarrels between the coalition parties and, particularly between President Giscard and the Gaullists which, over the past year, if not longer, have given the country the impression of being ruled by a chronically weak government.

The current fashion is to put most of the blame on President Giscard for this lamentable state of affairs and it is certainly true that he has made a number of major political blunders. Convinced that the French people want to be ruled from the centre—the main thesis of his recent book "Democratie Française"—President Giscard set out from the very start to weaken the Gaullists who were in disarray after the presidential election of May 1974 in which their own candidate, M. Jacques Chaban-Delmas was decisively knocked out in the first round.

The trouble with these tactics was that the Gaullists still formed the strongest single group in the National Assembly, that President Giscard therefore needed their support to push through his legislation and that the centrist parties were both too numerically weak and too generally incapable of organising themselves into a single, powerful political party.

Though President Giscard appointed M. Jacques Chirac a Gaullist, as his first Prime Minister and eventually as co-

ordinator of all the coalition partners, he continued to give the various centrist parties free rein to snipe at the Gaullists. This freedom was exploited to the full by M. Michel Poniatowski, President Giscard's long-time friend and leader of the Independent Republican Party who as Interior Minister with the rank of Minister of State, had more influence within the government than the Prime Minister himself.

Genuine policy differences between M. Giscard d'Estaing and M. Chirac on a whole range of issues, such as the President's social reform measures, his new more NATO-orientated defence policy, capital gains tax legislation and overall political strategy, contributed to the explosive situation within the government.

Outcome

In the end, the inevitable happened. M. Chirac resigned in August 1976, the first time that a Fifth Republic prime minister had gone of his own volition. What is more, he made a bitter public statement after his resignation, complaining that the President had not given him the necessary powers to do his job effectively, while M. Giscard d'Estaing himself revealed that he had vetoed M. Chirac's proposal to bring the next general election forward to the autumn of 1978.

The responsibility for the dramatic break between the two men, which has since de-

veloped into open warfare, was, no doubt, shared. M. Chirac, an immensely ambitious and dynamic man, who clearly sees himself as a future president, had tried to usurp much of the President's political powers and this was something M. Giscard d'Estaing could obviously not accept. On the other hand, M. Chirac, who was, after all, the leader of the country's biggest political party, had to defend its policies and interests, which were being undermined by the President.

The coalition government has never recovered from last year's clash. On the contrary, relations between the President and the Gaullists have continued to deteriorate and, on two occasions, it even looked as if the government of M. Chirac's successor, M. Raymond Barre, a former vice-president of the EEC Commission and an eminent economist, might fall because of the lack of Gaullist support.

The quarrel has been fuelled by such ill-advised moves by President Giscard as his sponsorship of the candidature of a centrist Minister, M. Michel d'Ornano, in the mayoral election in Paris, which the Gaullists have always considered their own particular fief. The manoeuvre completely misfired because it led M. Chirac to run against M. d'Ornano and ended in the overwhelming victory of the Gaullist leader.

Essentially, however, the disagreement between the President and the Gaullists is over

political tactics in the run up to the elections. When M. Giscard d'Estaing appointed M. Barre as Prime Minister in August last year, he made it clear that the Government's first priority was to restore the economic situation (discussed in other articles in this survey), and that he did not want it to become involved in electioneering as long as one year before the election was held.

The Gaullists, on the other hand, have maintained all along that, only by waging a constant, aggressive political campaign and by taking the fight to the Socialists and Communists, could the coalition parties hope to defeat the Left next spring. M. Chirac, who at the end of last year was triumphantly elected president (a newly created post) of a rejuvenated Gaullist Party, which changed its name to Rassemblement Pour la République, considers himself as the leader of the anti-Left political campaign, though this self-appointed role is naturally disputed by the President and M. Barre.

One of the main question-marks now hanging over the political situation is whether the coalition parties can restore at least a semblance of unity quickly enough to make an impact on the electorate.

Until very recently, the prospects for such a reconciliation looked very dim. At the end of April, when M. Barre presented to the National Assembly the second instalment of his plan to restore the economic

situation, consisting mainly of measures to bring down unemployment, the Gaullists gave him a very hard time because of his failure to give a political lead to the country.

Confidence

Though they supported the Government in the vote of confidence for which it had asked, they made it plain that their confidence was confined to M. Barre's economic measures. And President Giscard's special baby, the Bill on direct elections to the European Parliament, was pushed through the National Assembly this month thanks only to an unusual procedural device. This gave the Gaullists, who wanted to postpone the measure, the choice of either accepting immediate ratification or of proposing a censure motion threatening the Government's life.

The fact that they did not use this ultimate deterrent was clearly a sign that they do not want to take their opposition to President Giscard as far as bringing down the Government. And, only a few days ago, M. Chirac emphasised that direct elections to the European Parliament was the last problem on which the Gaullists would take issue with the Government before the General Election.

This leaves a slim hope that the coalition parties will, from now on, start pulling together and make up some of the lost ground. They may be helped

BASIC STATISTICS	
Area	212,742 sq. miles
Population	52.92m. (1976)
GDP	Frs.1,636.3 bn. (1976)
Trade	
Imports	Frs.308.12bn. (1976)
Exports	Frs.273.24bn. (1976)
Imports from U.K.	£1.71bn. (1976)
Exports to U.K.	£2.09bn. (1976)
Currency: Franc	£1=Frs.8.51

in their uphill struggle by a renewed outbreak of squabbling between the Socialists and Communists over the revision of their common programme, in particular those sections dealing with nationalisation.

The outcome of the election will not legally affect President Giscard's position as President of the Republic, since his seven-year term of office ends only in 1981. He has already announced that he will complete his term, whatever happens, though M. Chirac has argued that he would be under a moral obligation to resign if a parliamentary majority hostile to his own political ideas is elected.

Curiously, the French constitution does not properly provide for a president and government of different political hues and the only possible result of such a situation is a complete stalemate. The President has the right to dissolve the National Assembly, but has to wait for one year after a general election. He is clearly hoping that the Socialists and Communists will quarrel so much among themselves that their Government would fall by its own hand long before the year is out. This might enable him to realise his dream of forming a centre-left coalition, including the Socialists and the Centrist parties, but excluding the Communists and the Gaullists.

All this, however, is so more than speculation, since M. Giscard d'Estaing himself is playing his cards very close to his chest. What is certain is that France is about to enter one of the most difficult and tense periods the country has known since the Algerian War crisis which brought General de Gaulle back to power.

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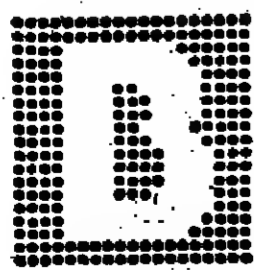
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FRANCE II

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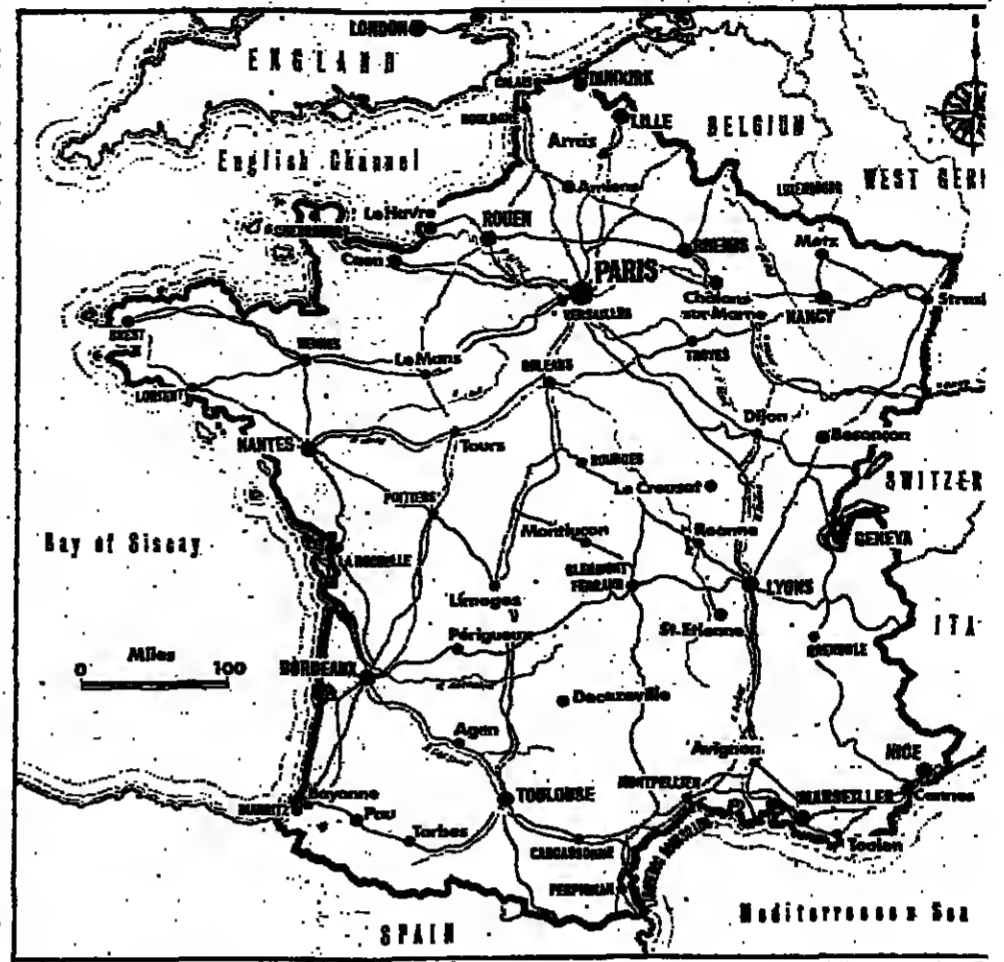
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A favourable economic performance in the coming months is central to the Government's chances of re-election next spring - but the outlook is not hopeful, with pessimistic indications on the investment, production and other fronts.

The economy



THE PERFORMANCE of the French economy over the next eight or nine months will be of more than usual importance. President Giscard d'Estaing and his Prime Minister, M. Raymond Barre, believe that the economy holds the key to the next general election and have virtually staked their political future on it. They are convinced that if the Government's present strategy produces a noticeable improvement in the economic situation, the ruling coalition still has a good chance of winning the election. If, on the other hand, the economic situation deteriorates further, the Union of the Left is likely to win the day.

Assuming that they are right—and no one can deny the big role that economic factors play in any general election—the Government's prospects do not seem very bright. It has concentrated on fighting inflation, balancing the trade account and stabilising the exchange rate of the franc by the application of tight monetary and credit policies and prices and incomes restraint, in the hope that a resumption of world economic activity would keep the French economy ticking over at a reasonable rate and prevent unemployment from rising too sharply.

The gamble does not look like coming off, for the latest OECD forecasts are, to say the least, pessimistic. Even the strongest economies—those of the U.S., West Germany and Japan—are now likely to expand this year at a rate below the OECD Secretary's medium-term average growth target of 5.5 per cent for the period 1975 to 1980 and France itself has been obliged to scale down its growth expectations from 4.8 to 3.5 per cent.

What this means in practice is that industrial production and capital investments will probably remain sluggish during the coming months. As a consequence, not enough jobs will be created to absorb the very high number of unemployed, which rose in May to a new post-war record of nearly 1.1m. Inlet alone the hundreds of thousands of school-leavers due

to come onto the labour market in the autumn. Unemployment has now become the most sensitive economic and political issue and could alone break the Government at the next general election.

Not that M. Barre had much choice of a choice between policies when he was appointed Prime Minister in August 1976. With inflation running out of hand and the trade deficit soaring to unacceptable heights, radical deflationary measures were the only possible remedy. Under the first "Barre Plan," prices were frozen for three months in the private sector and for six months in the public sector while the standard VAT rate was reduced at the beginning of this year in an effort to extend the period of price stability.

made M. Barre so confident that inflation could be brought down to somewhere in the region of 6.5 per cent this year from nearly 10 per cent in 1976.

Probably, the French Government placed too much confidence in wage curbs as an anti-inflationary tool, though it can hardly be blamed for wanting to bring down the rise in hourly wages from its astronomical 15 per cent level last year, the highest rate of increase in any Western industrialised country. The fact is, however, that although wages have been falling quite substantially this year—hourly rates were held down to 2.3 per cent in the first quarter, compared with 4 per cent during the same period last year and 2.9 per cent in the fourth quarter—inflation is still accelerating. And the prospect of a further rise in oil and food prices does not augur well for the future.

What is more, the first Barre Plan has increased the trade unions which, in April and May, staged two of the biggest national strikes since the student-worker uprising in May 1968 in protest against the virtual suspension of free collective bargaining and the high level of unemployment.

Though refusing adamantly to change the course of French economic policy in mid-stream, the Prime Minister has tried to deal with some of the more nefarious social consequences of last September's anti-inflationary package in what has become known as the second Barre Plan, adopted at the end of April.

Measures to stimulate employment are the centre-piece of the latest plan, which will cost the state and the social security system nearly Frs.4bn. (about \$480m.). Employers who offer workers under the age of 25 their first jobs have been exempted from social security payments until July 1 this year, and the state has undertaken to recruit 20,000 new employees in key sectors such as the post office and telecommunications within the next year. Immigrant workers, of which there are currently some 2m. in France, have been offered special grants of Frs.10,000 as an incentive to return home and an early retirement scheme, allowing workers to retire at 60 with about 70 to 80 per cent of their wages, has been negotiated with the trade unions.

In addition, Frs.1.25bn. in supplementary credits were made available by the Govern-

ment for investments in public works which, added to last October's Frs.11bn. stimulus in the form of a large loan to finance the investments of small and medium-sized businesses, subsidised interest rates for export and energy-saving investments and more favourable depreciation allowances, should normally do something to boost investment and employment later this year.

The trouble is that the business climate is so pessimistic at the moment, both because of the fears of a left-wing victory next spring and lower growth expectations, that companies are loth to embark on new investments and the creation of new jobs, whatever the incentives.

Even the National Accounts Commission, which published its revised forecast earlier this month, foresees a total expansion of investment of no more than 0.7 per cent this year. Though public investment is expected to grow by 3 per cent, private industrial investment will probably grow by only 1.4 per cent, while household in-

vestment is expected to drop by 2 per cent. As the OECD Secretariat noted in its annual economic survey of France earlier this year, the Seventh Plan target of a growth of productive investment of 7.5 per cent in volume terms over the period from 1975 to 1980 is now completely out of reach. It would imply for the rest of the period a rate of growth never achieved before.

The monthly trade which, in November last reached an all-time record of Frs.3.5bn., seasonally adjusted, has fallen sharply since 1 Frs.41m. in May brought a total shortfall over the 61 months of this year to Frs.6bn., compared with a deficit for the whole of 1 more than Frs.20bn. M. Barre's target of balancing the trade accounts this year therefore within reach, will probably be the only one together with the stabilisation of the franc, which is at 5 to the U.S. dollar, after a 10 per cent lowering of its withdrawal from European currency "snake" in March 1976, it is largely M. Barre's policies, the trade deficit strengthened international confidence in the French economy, while interest rates attracted funds and prevented a drain of capital from the country, heavy borrowings in currencies of state agencies finance the trade deficit also instrumental in stabilising the exchange rate of the franc.

What will happen when election draws nearer is problematical. It is possible that the prospect of a left-wing victory at the end of the year could produce a run of franc at the end of the year, despite the reasonably stable state of the economy.

Indeed, the short-term outlook has now become much more important in the economy than the Government's economic measures put together. The trial production and investment is unlikely to pick up until after the election and, perhaps, not even then. The Left comes to power, clamps down on the private sector in such an event, must depend on the capacity of Socialists to persuade Communist partners that market economy can be transformed into a fully socialist economic system without wrecking the country's hard-won progress.

Central to the French system, the Grand Corps are under continual pressure to grow more egalitarian - but so deeply entrenched are they that real change looks unlikely in the near future.

Les Grand Corps

ONE OF THE many factors pushing the French electorate leftwards could be its growing resentment at the system of the Grand Corps that perpetuates so much power in the hands of a highly educated few. The French have become less ready to accept this rule by a few and enrage and inspector des Finances, marks the apogee of the consolidation of power by these three power strongholds.

The Government has this year responded by introducing a scheme to broaden socially the method of entry to the Grand Ecoles that nourish the system. But this will hardly solve the real problem, which is less the Corps' social elitism than their power elitism. The Left has vaguely stated plans for more thorough reform, but many Socialists are members of the Corps. A Left Government might still need to rely as much as the present one on a structure that is a crucial source of strength to the State. That is the dilemma.

The complex French elitist system rests on two pillars. One is the Grandes Ecoles, mostly undergraduate engineering colleges of which by far the most influential is the Polytechnique. This is the route into the grander Corps techniques, such as mines and Ponts-et-Chaussées, whose members by an unwritten process of co-optation virtually control many State technical departments and industries and spill over into top posts in private industry.

The other is the post-graduate Ecole Nationale d'Administration (ENA), a post-war creation that provides a near-monopoly of recruits for the Corps administratifs, which cover not only the diplomatic and prefectural careers and, more important,

mediate behind the scenes with his Chief, Jean-René Bernard, an Inspector, on Pompidou's staff. ENA has succeeded superbly in the role allotted to it—to train, within a certain conformist mould, a clever administrator able to tackle a variety of problems with dazzling

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FRANCE III

As in so many other areas of French life, independence is of paramount importance in industry. While the French recognise the need for foreign technology, they like to have it on their own terms.

Industrial policy

IT IS a fundamental truth for politicians of all persuasions in France that the country must remain independent and in full possession of national sovereignty. It is little matter at both things are hard to come by: it is usually fairly plain to a Frenchman when they are being attacked.

The maintenance of a substantial military establishment including a nuclear arsenal is part of the maintenance of independence. The dislike of a world polarised between opposite political viewpoints is another reason why it is hard for those who wish to retain an identity outside either camp, or over a declining birth rate is linked to the concern to maintain independence.

Industry is a purely French endeavour. It is probably fruitless to debate whether France's attitude to co-operation is genuinely European or distinctly Atlanticist. Examples of both can be cited. The best generalisation is to remark that France wants to acquire the most advanced technology and is also interested in questions of access to foreign markets. Thus when the U.S. offers both the most consistent technology and the essential market, as in computers, it is the American option which scores. But it is equally important to the French Government, partly because of the traditions of Gaullism and partly because of the existence of large Left-wing parties, that ownership of the technology should be at least in legal terms French.

It is easier to express French ideas as illustrated in concrete cases rather than as a pure philosophy. The case of Poclain is both recent and appropriate.

Poclain is the world's largest producer of hydraulic excavators. Under the guidance of the Bataille family it developed throughout the later 1960s and early 70s into one of the few French concerns of genuine world stature in its field. But it was an expansion fuelled by loans, and the increasing burden of servicing charges demanded a consistently high rate of sales and cash flow expansion.

group Peugeot also counted out the Lip watch-making concern). Volvo, which had marketing arrangements with Poclain, was also canvassed. In the event the successful suitor turned out to be American in the form of J. I. Case, the farm and public works equipment manufacturer. It planned a Frs.325m. capital injection into Poclain by way of subscribing to new shares and purchasing certain overseas operations. Case would thus acquire 40 per cent. of Poclain's capital.

This arrangement had to be ratified by the French Government, and when the final approval came it was with differences which were small in practice but indicative of French concern to guarantee the national character of Poclain. Case got his 40 per cent., but Renault, Peugeot-Citroen and Volvo were all brought in as holders of 2 per cent. each of the equity—holdings described as "visiting cards". Similarly, certain institutional investors and creditors banks also took a 12.1 stake, leaving the Bataille family with 15.9 per cent. of the shares and the remainder in public hands.

The effect of this readjustment was to guarantee that French concerns and the Bataille family together disposed of a blocking minority of the shares discounting the shares distributed among the public. The company was in practice anchored in France, remaining French in identity but offering the opportunity of exploiting Case's expertise in American markets.

Poclain is a case involving a large, prestigious concern and American participation in the capital. Machine tools offers a different viewpoint since this sector is dominated by small concerns and France is one of the few important industrial countries which is a net importer of machine tools. Here the initiative is being taken by the Institute for Industrial Development (IDI), a French equivalent of the Industrial Reorganisation Corporation. In which the State holds the biggest chunk of the capital but less than a majority. IDI exists to provide capital and management support to small and medium sized concerns, by means of taking a temporary shareholding, the criterion being that the companies must offer the prospect of being commercially successful (IDI, for example, steadfastly withstood pressure to bail

Grand Corps

CONTINUED FROM PREVIOUS PAGE

arity and speed. The average varque is noticeably more articulate, confident and optimistic than his British counterpart. So the issue is not whether ENA is doing its job well, but whether that job is right one for French society today. Here there are two main criticisms.

The first is that entry to ENA, to a lesser extent to the polytechnique, is too narrowly bourgeois. The second, and more serious, is that the whole system creates a dangerous gulf between these elites and the lower ranks of the public services promotion above a certain level (barred if you lack the right diploma) and between the "bow-tie" technocrats and the "Benny". An enormous gulf exists and has little contact with the people. This may be a factor behind the citizen's chronic sense of grievance against the State and the alienation felt by workers and farmers, and may help to explain the rise of the Left.

out exams are fair and there is no nepotism. On the other hand competition for entry is so stiff that only those with the right specialised schooling and cultural background are likely to succeed. It is a background that workers' sons rarely possess. For the better entry route is via post-baccalaureat classes in the more brilliant Paris lycées, and for ENA it is via "Sciences-Po." For a variety of traditionalist reasons, the Paris bourgeois have easiest access to these. True, Polytechnique recruits also from the provinces, and about a third of ENA's places are reserved for late-entrants already in the civil service. But these too tend to be middle-class.

Examination The Government is now trying to widen the social range of entry to the Grandes Ecoles by bringing in an alternative examination—to start next October—geared to the abilities of those in "technical" rather than academic lycées. Ways are being studied of similarly widening the system of entry to ENA so as to make it easier for those whose talents are less academic.

But there are good arguments against what many people see as a pre-election gimmick. The new scheme might succeed in bringing into the system a few more children of workers, peasants and provincial petit-bourgeois—but it will not change the system itself. The new lucky ones will simply be absorbed into elitist structures that will presumably retain all their old power and privileges. The greatest need, it is widely felt, is not so much to democratise entry as to modify the system itself, to bridge the gulf between it and the nation at large. One solution canvassed is to integrate ENA and the Ecoles into the general university structure. Alternatively, and preferably, the de facto monopoly of the Corps over

senior public posts should be broken. At present, *corpsards* go forth to colonise banks and private companies, but the reverse current hardly exists at all. It is very rare for a brilliant businessman, industrialist, lawyer or university professor to be co-opted into State service (except by entering party politics) in the way it so often happens in the U.S. or even Britain. Raymond Barre, the professor who was invited into State posts and has since risen to be Premier, is the exception that proves the rule. But normally the closed-shop of the Corps debars newcomers without the right pedigree. To change this would require hold Presidential action; but Giscard d'Estaing being both a legate of the system and a believer in it, is unlikely to take the risk.

So would the Left do any better? Already they are part of the system. The Communists are strong in the "technical" Corps, where at least 100 polytechniciens are said to support the Party. In the "administrative" Corps they are frequently screened away. Yet even the inspectors are said to include some half-a-dozen Communists, as well as 60 to 70 Socialists, among their 300 members. Many of Mitterrand's closest advisers are Corps members, and there are plenty of talented Socialists sitting quietly inside bodies such as the Conseil d'Etat, forming a virtual "shadow" administration ready to take active notice when called.

So the Left would not throw the system overboard. They would need its strength and stability, and first would re-stay with their own men. But they might also assault the closed shops by bringing trades unionists, academics or other non-*corpsards* into key technical or Cabinet Ministerial posts. That at least could be a positive step towards bridging the notorious French "gulf."

Intervention These moves also illustrate the degree of intervention undertaken by a government professing liberal credentials. Although the point can be made too heavily, the commonality of background, particularly through training at one of France's great administrative or technical *grandes écoles*, between senior industrial management and senior civil servants, and the ability of top civil servants to move into positions of industrial leadership and back into the ministerial cabinet, certainly contribute to easing the paths of industrial re-organisation. One should also add that the idea of national interest is, on the whole, one acknowledged by the industrial sector, and this also helps to make work the system of *dirigisme* which is associated with France.

Perhaps because of the important State role in industrial re-organisation and also because of the relative unimportance of equity financing in France it is interesting to note that most marriages are arranged. The take-over bid is rare and when it happens it is normally regarded as distinctly ungentlemanly. This is particularly so when the bidder is a foreign concern. It is also worth remembering that the very extensive French public sector is a useful base for officially sponsored re-organisation.

In almost every conversation with a manager and invariably in company reports the phrase "les pouvoirs publics" recurs—the public authority or, more simply, the Government. It is the public authority which, during the Gaullist era, on the basis of a general consensus in industry, sponsored the transformation of the French economy. Whether there would be such a consensus for the radically different concepts of the Socialist-Communist alliance may be put to the test after next spring.

John Ardagh

David Curry

Lancôme advertisement featuring a black and white portrait of a woman's face. Text includes: "The French word for beauty... LANCÔME", "Lancôme, with its sister brands Parfums Guy Laroche, Ted Lapidus, Coty and Blotner, is enjoying spectacular growth in all parts of the world. The secret of its success... simply a carefully researched range of beauty products coupled with a team of specially selected consultants trained to give the benefit of their experience and expertise in major retail outlets throughout the country.", "LANCÔME the leading European Beauty House in the UK", "Paris, France 75008 - London, England W1" and a THOMSON-CSF logo.

THOMSON-CSF's FIELDS OF ACTIVITY diagram. A central THOMSON-CSF logo is surrounded by eight hexagonal boxes, each containing a field of activity and a list of products or services. The fields are: 1. DETECTION AVIONICS SYSTEMS (Surface radars, Avionics, Airborne radars, etc.); 2. RADIOCOMMUNICATIONS TRANSMISSION BROADCASTING (Radiocommunications, Microwave links, etc.); 3. TELEPHONE SWITCHING (Public telephone exchanges, Private and semi-private exchanges, etc.); 4. MISCELLANEOUS (Scientific instruments, Electrohydraulic equipment, etc.); 5. COMPONENTS AND ELECTRON TUBES (Semiconductor components, Passive components, etc.); 6. COMPUTER SCIENCE (Minicomputer systems, Computer peripherals, etc.); 7. DETECTION AVIONICS SYSTEMS (Surface radars, Avionics, Airborne radars, etc.); 8. RADIOCOMMUNICATIONS TRANSMISSION BROADCASTING (Radiocommunications, Microwave links, etc.). At the bottom, it states: "1976 CONSOLIDATED SALES: 7800 MILLION FF. PERCENTAGE OF SALES OUTSIDE OF FRANCE: 43.3%".

FRANCE IV

Despite some outcry at home and abroad, President Giscard d'Estaing has developed and pursued his own brand of foreign policy. It is one which, given the changed circumstances within the country and outside, evidences a more mature and pragmatic attitude to world affairs.

Foreign policy

WHEN PRESIDENT Giscard d'Estaing was Finance Minister in the French Government, he had the reputation of being a master of economic "fine-tuning." To some extent, he has applied a similar technique to the conduct of foreign policy which, since his election to the Presidency three years ago, has become much more pragmatic than it was under his two predecessors, General de Gaulle and M. Pompidou.

Undermined by years of political instability, endemic economic crises and colonial wars, France in very different national and international circumstances. After more than a decade of economic prosperity, the French people were less in need of nationalistic fireworks to prove to themselves and the world that they were as good as, if not better than, others. East-West détente was a going concern and the spectre of U.S. domination of Europe and the world, conjured up regularly by General de Gaulle and his successor, had lost some of its credibility in the light of the U.S. withdrawal from Vietnam and the self-questioning and self-critical mood of America after the Watergate scandal.

With Washington prepared to adopt a constructive attitude towards Europe, President Pompidou set himself, as one of his first foreign policy tasks, the improvement of France's relations with the U.S. It was inevitable that such a policy, together with the adoption of a new defence strategy, foreseeing French military involvement in the event of a conflict on West Germany's eastern borders and closer technical co-operation between France and Nato, should arouse the suspicions of the Soviet Union. But, on the whole, President Giscard has been moderately successful in his delicate balancing act.

Although Franco-Soviet relations are certainly not as close of the French people had been speed up the decision-making machinery of the European Communities, a move which was regarded by integrationists as retrograde because it undermined the principle of unanimity of all major policy decisions and the power of individual Governments to exercise their veto.

More chequered and, until very recently, President Giscard's touch in this region has been less sure. While condemning the South African Government's policy of apartheid, France has continued to export nuclear and military equipment to South Africa and has been strongly criticised on this count by the Third World.

France was the first Western country to recognise the new regime in Angola but, in doing so, aroused the suspicions of the moderate and normally docile French-speaking African countries, who felt that the umbilical cord which still ties them to the former mother country was being cut.

It was partly in response to the complaints of countries like Senegal and the Ivory Coast that France was abandoning its traditional role in Africa, and partly to prove to a Left-wing French electorate that France could still play a major role in world affairs that President Giscard decided to help Zaïre in its fight against the invaders of its southern province.

This move, together with the refusal to bow to U.S. demands that it should cancel existing contracts for the supply of nuclear equipment which could be used to manufacture atomic bombs to non-nuclear developing countries, was interpreted by some as indicating that President Giscard was reverting to a "Gaulist" foreign policy.

Strong

M. Giscard d'Estaing's European commitment has always been a strong one, and it is probable that he came to the Presidency with an over-optimistic view of what could be achieved, given the lukewarm attitude towards European integration of some other member countries, such as Britain, and Gaullist opposition to any moves which could undermine national sovereignty.

To claim, however, as some of his Gaullist critics have done, that he is at heart a European federalist who is prepared to sign France's independence away to supranational institutions is very wide of the mark. One has only to look at the kind of proposals that have been made by France over the past three years to further European unification to realise that President Giscard's ideas are just as "confederal" as those of his predecessors.

It was the French President who suggested the creation of the European Council of Heads of Government to simplify and

While there is still scope for improvement, French farmers owe much of their success so far to the CAP

Agriculture

THE MISCONCEPTION that French farming consists of an elderly peasant milking a couple of cows on a mountainside in the Massif Centrale of the Dordogne dies hard. Politicians of all shades in this country and the National Farmers Union refer to it all the time, adding in parenthesis that by reason of their superior efficiency British farmers should have no fear of competing with such an industry.

But the most important factor in the change coming over French dairy farming has been the introduction of the Friesian type of cow. These in 1973 amounted to about 33 per cent of the national herd, as compared with 70 per cent in the Netherlands and Britain. According to the French Friesian Society, the proportion is now about 40 per cent and all the visual evidence is that the breed soon will take over completely as it has done in most of the dairying countries of the world.

I have underlined the developments in French dairy farming because up to now it has been the weakest sector of the country's agriculture. This is probably because in the main it formed the basis of the small farm economy, receiving very little special help, and marketing systems were not really well organised as they are to-day.

Changed

At the end of the last war cereal growing was not much better off. There were a few areas, particularly in the Paris basin, where very good arable farming existed, but it was still in the horse and bullock stage of mechanisation. Now this is all changed. French arable farming is on average as good as anywhere in Europe, and better than most. This is for two reasons. France has a large area of good arable land and a very good climate. The high grain prices under the Common Market regime have given farmers confidence to invest as much as they can in the production of good crops.

Since 1950 grain production has risen from 11m tonnes to just under 40m, today, and it is probable that the production of cereals will eventually approach the declared target of 50m tonnes before many years are out. The main arable areas are generally hedged, and it has been interesting to watch the spread of arable farming southwards into the predominantly stock raising areas with the consequent removal of hedges, leaving only those areas too humid for grazing to remain in grass.

Banking

The mixture on a roughly two-to-one basis of State and private institutions in the banking sector has worked well. But the future is clouded by the threat of total nationalisation to which the Left is committed as soon as it comes to power.

WITH THE next general election now only nine months away, the spectre of nationalisation looms large over the French banking and financial sector, due to be taken over entirely by the State if the Union of the Left comes to power.

Though three of the country's largest banks—Crédit Lyonnais, Banque Nationale de Paris and Société Générale—were nationalised as long ago as 1945, some 30 to 35 per cent of the banking sector still remains in private hands. This mixed system has worked well in practice.

Exposed to the fierce competition of such powerful private banking organisations as Crédit Commercial de France, Paribas and the Suez group, the nationalised banks have been obliged to operate efficiently, dynamically and, even more important, profitably. The nationalised banks, it is true, receive preferential treatment in State and public authority financing operations. They do not have to pay any dividends to the State and they are allowed to channel a substantial proportion of their profits into reserves.

On the other hand, the State has never subscribed to an increase in the nationalised banks' capital and they have been saddled with a growing financial burden in the form of the dividends which they have to pay to their employees under new participation schemes. As a result of their size and their social obligations as nationalised institutions, their overheads and particularly their wage bills are much greater than those of the private banks and it all has to come out of own resources.

No doubt, the argument over the fairness of the mixed system will never be resolved, but it is significant that the private banks, judging by their financial results and their rapid expansion in recent years, have not suffered under it. Predictably, therefore, the prospect of nationalisation has raised an outcry among private bankers like M. Jean-Maxime Lévêque, Chairman of the Crédit Commercial de France, who was once a top civil servant. Such a measure, affecting some 200 French banks, would be tantamount to bringing the entire credit sector and thus the economy under Government control, and would lead to a rapid decline in bank services and discrimination between clients, inefficient management and a sharp drop in profitability, he claimed recently. Moreover, the fact that 150 foreign banks with offices in France would escape nationalisation demonstrated the incoherence of the Left's programme.

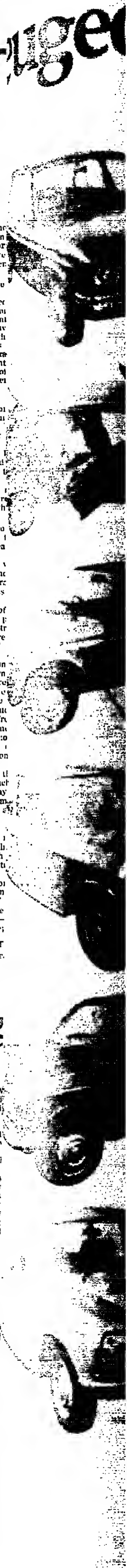
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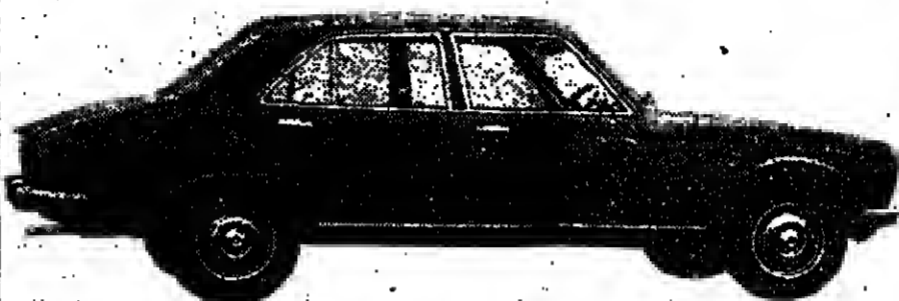
504 L Saloon 1796cc



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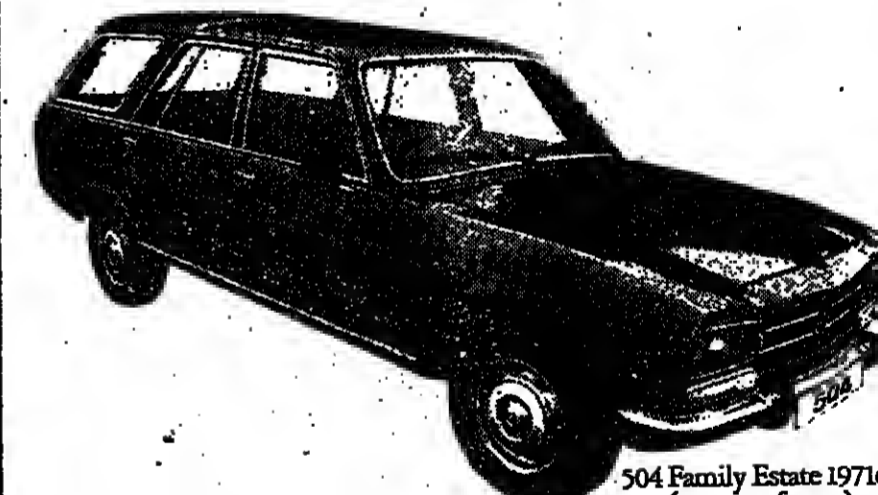
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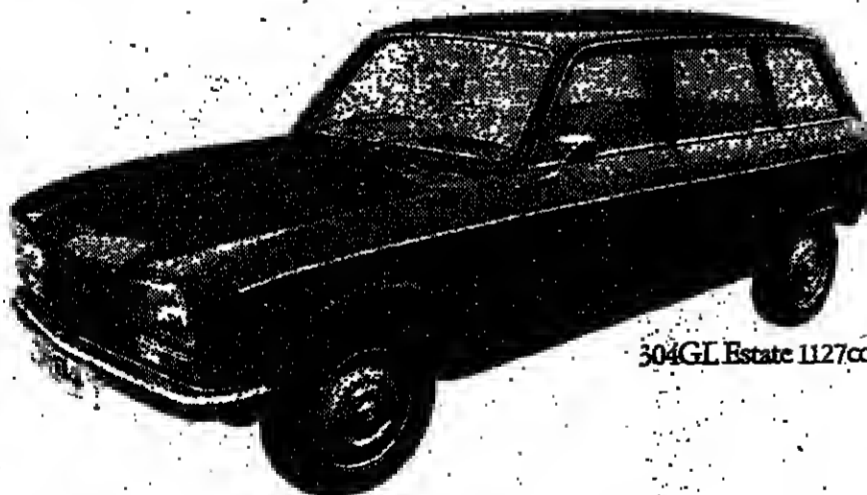
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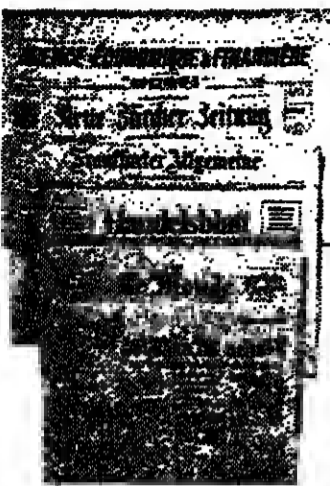
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FRANCE VI

The French nuclear energy programme should be able to provide a substantial amount of the country's energy needs in less than a decade — while its enrichment process may be of international significance.

Nuclear power

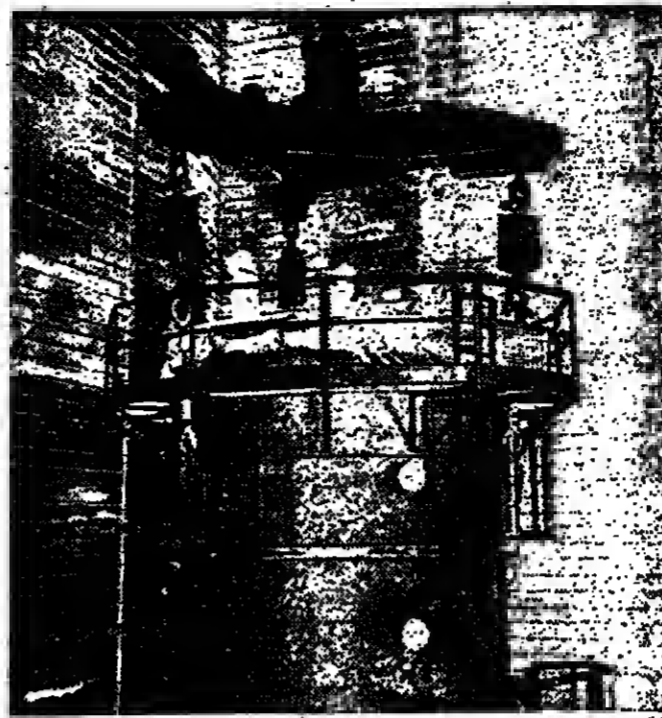
FRANCE'S NUCLEAR power programme is one of the most ambitious in the Western world and the French authorities intend to go ahead with it in spite of growing environmental objections and pressures from Washington to drop the development of fast breeder reactors.

The basic reasons for this determined approach are not difficult to find. France is dependent on imports for as much as 75 per cent of its energy needs and, as yet, has found no oil reserves in its territorial waters which could meet its future needs. Its coal deposits are small, compared with those of the U.K. and West Germany, not to speak of the U.S., and production from the natural gas field in Lacq will start to run down from 1983 onwards. Both for balance of payments reasons and because France has always put great emphasis on independence in all fields, the decision to go nuclear was virtually a foregone conclusion.

By 1985, according to the latest official estimates, France will be consuming some 240m tonnes of oil equivalent (MTOE), compared with only 17m in 1976. Under present plans, 60m tonnes, or as much as 25 per cent of the total, will be provided in 1985 by electricity produced by nuclear power, compared with only 4m tonnes to-day, though the country's oil requirements will still be some 96 MTOE, only marginally less than last year's consumption of 109 MTOE.

To meet this ambitious target, which was set a few months after the quadrupling of oil prices in 1973, the Government adopted a programme requiring the construction of some 50 nuclear power stations of 1,000 MW each by the middle of the next decade.

Initially, the plan was that EDF, the State electricity authority, should invest a total of about Frs.70bn. over the five-year period from 1976 to 1980 for the construction of some 6,000Mw of nuclear



A compressor/diffusion stage being installed at the Pierrelatte civil uranium enrichment plant.

produced by Framatome, which was favoured by the EDF, had more promising export prospects and had a better, longer operational record.

However, the fact that the reactor was of U.S. design and even more important, that Westinghouse had a 45 per cent stake in a company controlled by Baron Empain, a Belgian citizen, posed some serious problems. The French Government could hardly claim that it was pursuing an independent nuclear policy by putting itself entirely in the hands of a foreign-controlled company for the supply of all the country's nuclear reactors.

A deal was therefore negotiated with the U.S. company, under which the French atomic energy commission bought 30 per cent of Westinghouse's stake in Framatome. The understanding is that the French will drop the Westinghouse licence altogether when it expires in 1982, by which time they hope

this new type of reactor within the next two years.

The cost of the project—initial investments, including the first fuel charge are estimated at not much less than Frs.5bn.—obliged the French to go into partnership with other countries. A new international company called NERSA was formed for the purpose, in which EDF has a majority stake of 51 per cent, the Italian electricity authority, ENEL, 33 per cent and West Germany's RWE, 16 per cent.

Though the French Government has pressed ahead with the Super-phenix, its technology has by no means been fully proven, to say nothing of the security problems it poses. Its prototype, the 350 MW Phenix reactor at Marcoule, in the South of France, has lately hit a number of snags, after producing electricity for the national grid since 1973. In October last year, it had to be put out of action after a leak was discovered in two of its six heat exchangers, through which liquid sodium circulates. It has taken more than eight months to repair the fault and all the heat exchangers will now be modified. The Phenix started working again this month, but it will take a long time before it operates at full capacity again.

Independence

The desire to become independent as quickly as possible also lay behind France's decision to opt for a process of uranium enrichment which, though technologically less advanced than the Anglo-German-Dutch Urenco ultra-centrifuge project, will show results much sooner.

At the same time, the French Government recently gave the go-ahead for the construction of the 1,200 MW "Super-phenix" fast-breeder reactor, which is expected to go critical in 1982. The EDF has set itself a target of some 10,000 MW of fast-breeder capacity by 1990 and expects to order the first pair of

another enrichment known as the Corefid pr

due to be taken this in the longer run, the both these projects certainly be affected by spectacular discovery by nuclear scientists of a enrichment process which claim to be "profitable for the purpose, in proof."

Though details of recovery have not yet been disclosed, M. Andre Girard, director-general of the atomic energy commission, recently told a conference of international nuclear power organisations in Salzburg that the process involved a chemical step. This is believed to be similar to the one used in the production of heavy water. The main interest of the process lies in the fact that it would be very difficult to use for the enrichment of uranium to the high level required to produce bombs. If the new process is to be technologically and economically viable, which is not only a major scientific but also a diplomatic breakthrough, pressure to which France is subjected by the U.K., and West Germany has subjected on the part of the Anglo-German-Dutch Urenco ultra-centrifuge project, will show results much sooner. The Western Alliance, if ever has been built at Tricastin, on the banks of the Rhone, by the development of a process Eurodif consortium—grouping France, Italy, Belgium, Spain and Iran—will have a capacity of 10.5m, separate work units, will become partially operational as soon as 1979 and is scheduled to work at full capacity by 1982. A final decision on the construction of

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The energy crisis has thrown the domestic oil market completely into reverse—posing major problems for the international oil majors there.

Oil

IN FEW Western countries has the oil industry been quite so marked by the energy crisis as in France. After years of steady expansion and healthy profits thanks to high economic growth and generous margins, the oil companies have suddenly been faced with a complete halt in demand and severe price controls at a time when exploration and development costs have been soaring and heavy investments will be required in the refining sector. An industry which only a few years ago seemed to have everything going for it is faced with a Government target of less national oil consumption in 1985 than in 1973.

During the 1960s the international oil majors would often complain about the French Government control of the French market and the preferential treatment given to the national companies, Compagnie Française des Pétroles (CFP) and Elf/Aquitaine, but the sharp expansion of French demand and the generous profit margins available in a controlled and protected market made it easier to accept the Government's support of the national industry.

Little by little the foreign groups were forced to surrender market shares to the national groups, but their sales continued to rise without any trouble from price-cutting independents. But now that domestic demand has come to a halt and those margins have been whittled away under tough price controls, the international groups have become increasingly resentful over growing State interference in their activities. This came to a head last summer when the Government announced new petrol marketing quotas which would effectively reduce even further the position of the foreign companies. In March Shell and Mobil actually lodged a formal complaint before the Conseil d'Etat.

But the national oil groups are not faring any better. Whereas the major U.S. companies still have access to Mid-East oil at preferential terms, EM/Aquitaine and, to a lesser extent, CFP have to pay the full market price. Yet the subsidiaries of the U.S. companies obtain the same price on the French market as their national rivals. While the U.S. groups have been able to profit from the appreciation of their domestic oil and gas reserves, the only source of profit for French industry has been Elf/Aquitaine's natural gas field at Lacq in south-west France—and even that will soon be on the decline. At a time when the French companies are being expected to carry out a crash programme in the field of exploration and development, they have also been expected to accept rock-bottom prices for their products as a contribution to the Government's fight against inflation.

Complaints

The complaints of the national oil groups are no doubt exaggerated. But their resources are certainly not sufficient to allow them to play the important energy role which they see as their own. CFP has yet to find a source of profit to replace its much reduced inheritance in the Middle East. Some return is now coming from its investments in Ekokisk in the Norwegian sector of the north sea and in Indonesia, but the profits from the costly development of the Frigg gas field will not start coming in until 1978 and it will be years, if ever, before it can capitalise on its discoveries off the Labrador coast. The appreciation of the Lacq gas and profits from oil production in West Africa have more than made up for the loss of Elf/Aquitaine's Algerian interests, but the state-owned group is finding it difficult bearing the bulk of the Frigg development expenses. It is hardly surprising that CFP hesitates to develop its oil field at Alwyn in the British sector of the North Sea and Elf/Aquitaine its gas field at

CONTINUED ON NEXT PAGE

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FRANCE VII

Telecommunications is the branch of electronics selected to receive the major slice of coming investment. This is a typical move within the Government's industrial strategy where there is need to close a technology gap and at the same time allow a radical restructuring of the industry.

Electronics

THE FRENCH electronics sector is in the throes of substantial restructuring. It is in a classic instance of French industrial policy because it illustrates the response of the French Government to a deficit in a technology on the part of national companies and the attempt to consolidate the technology—once acquired or under to acquire it—around one dominant group. This article concentrates largely on the telecommunications sector because this is a field which is receiving priority Government attention. France is currently making an investment effort in telecommunications equal to some 4 per cent of gross capital formation. The seventh National Plan aims at having a total of 19.3m. lines by 1982 against around 8.5m. in 1976, combined with a shortening of waiting periods and improvement in service. It is planned to install 100,000 public telephony booths by 1980 and exports of telecommunications equipment is scheduled to rise from the 15 per cent of national production it recorded in 1975 to 30 per cent by the end of the plan. The total amount in a plan earmarked for telecommunications was Frs.1,044bn. in 1975 prices, and annual investment has risen steadily from 966 when it was around Frs.22bn. to more than Frs.15bn. in 1976, making telecommunications the biggest industrial investor.

Chosen
The chosen company instrument for a substantial slice of this massive investment is Thomson-CSF, which is a subsidiary of Thomson-Brandt, Thomson and Compagnie Generale d'Electricite (CGE) the two giants of the French electronics industry, but their fortunes have changed dramatically over the past few years. Five years ago Thomson was owned mainly for its household electronics products and computer interests. CGE dominated heavy engineering and telecommunications. Between them they controlled the computer concern Compagnie Internationale pour l'Informatique (CII), which was the French member of the European Unidata computer association. In 1973 and 1976 a series of decisions on industrial strategy radically altered these profiles. In the first place CII abandoned Unidata to link up with Honeywell, all of the U.S. to form Honeywell Bull. CGE was left with 19 per cent in the computer company while Thomson took the rump of its mini-computer interests as a basis for remodelling the company's activities in this field. The second big decision was a selection of the Westinghouse technology for the PWR reactor for France's nuclear power programme in opposition to the General Electric illing water reactor sponsored by CGE. In addition, Creusot-Loire was appointed the major contractor for the nuclear power station construction programme.

In 1976 CGE's loss-making heavy electrical subsidiary Thomson was merged with the resuscitating Chantiers de Construction Navale (CCN) leaving a unit in which CGE held a 31 per cent stake. A year with an agreement between Alsthom-Atlantique and Creusot-Loire redistributing its activities in the steam and franc turbine, nuclear reactor and power station fields in a complex series of joint ventures which marked the emergence of Creusot-Loire as the nuclear contractor.

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Finally, the Government decided to build its telecommunications development programme around Thomson, giving the company, virtually at a stroke, 35 per cent of a market held by CGE. The consolation was that for the second generation of modern telephone exchanges—the fully electronic time division switching systems—the CGE subsidiary CIT-Alcatel will enjoy the industrial leadership.

The problem was that while Thomson was to be the main supplier of telecommunications equipment for the first generation system, the necessary technology was foreign-owned and developed. The Metaconta system had been developed by ITT, which had two big subsidiaries in France, Le Materiel Telephonique (LMT) and Compagnie Generale de Constructions Telephoniques (CGCT). These two subsidiaries had been developing slightly different versions of the LL-F Metaconta system chosen. The other system, the AXE, had been developed by L. M. Ericsson of Sweden, which also had a French subsidiary.

Oil
Continued from previous page

Heimdal in Norwegian waters. A major complaint of the French oil industry has been the slow manner in which the Government has adjusted national prices to the increased cost of imported crude. The industry welcomed the Government's decision last year to free price of fuel oil and naphtha, only to find that a few months later these products were being subjected to Prime Minister Raymond Barre's three-month price freeze. Even when this freeze ended at the end of December, the Government insisted on maintaining fixed price levels, higher though they may have been. But even the official prices for industrial fuel oil have proved too high as Shell, British Petroleum and Elf/Aquitaine have thrown themselves into a minor price war in this field.

In France, the national companies may now secure a more important share in the lucrative petrol market, where Mobil and Esso have been traditionally well placed, but in the rest of Europe they are finding it difficult to compete with the low prices charged by some of the international groups, who can often write off marketing losses against profits earned on local oil or gas production. It is significant that both CFP and Elf/Aquitaine were among five companies which are trying to persuade the Common Market authorities to bring some order into the European refining and marketing sector. Their attempts are, however, meeting strong opposition from the majors and certain EEC Governments.

becoming principal and ultimately majority shareholder, between the two. In addition, The Swedish parent company promised to help the French concern overcome its difficulties while L. M. Ericsson is associated with the development of the AXE for French use.

Adapt
So far six Metaconta exchanges have been ordered, scheduled to come into service in the first half of next year. French and Swedish experts are also working to adapt the AXE to accommodate the signalling mode and charges in force in France. Some 23,000 lines have already been ordered for exchanges in Orleans and Nantes and a further 70-90,000 lines should be ordered in 1977. The first AXE exchange to go into operation should be the 13,000-line capacity Orleans exchange in October 1978.

Disappointment
Exploration offshore France has been disappointing. Ten years of drilling off the Aquitaine coast has revealed nothing commercial, exploration in the Mer d'Iroise (Western Approaches) has not brought any finds and the Mediterranean is too deep for existing technology, but in the North Sea the French have been remarkably successful with an important stake in Ekofisk, the development of Frigg and various Dutch gas fields and the discoveries of Alwyn and Heimdal. In Indonesia OGP has emerged as the second most important oil producer, while Elf/Aquitaine has found oil off the coasts of Gabon, the Congo, Nigeria and Tunisia.

But in the face of the growing desire of producer countries to control their own exploration and development programmes, the French are acting increasingly as service contractors rather than outright investors. Elf/Aquitaine was one of the first companies to adopt such a policy when it signed a service contract with Iraq in the 1960s. Since then it has made similar arrangements in Iran, Egypt, Brazil and Vietnam. CFP has won service contracts from Algeria, Abu Dhabi and India. Helping promote French know-how in the oil field is BEICIP, the subsidiary of Institut Francais du Petrole (IFP)

all-electric divided equally between the two. In addition, there is an optional slice of 180,000 additional lines of which, it appears, some 130,000 would be semi-electric. This means that CGE's part with its E10 system is unlikely to be beyond 315,000 lines.

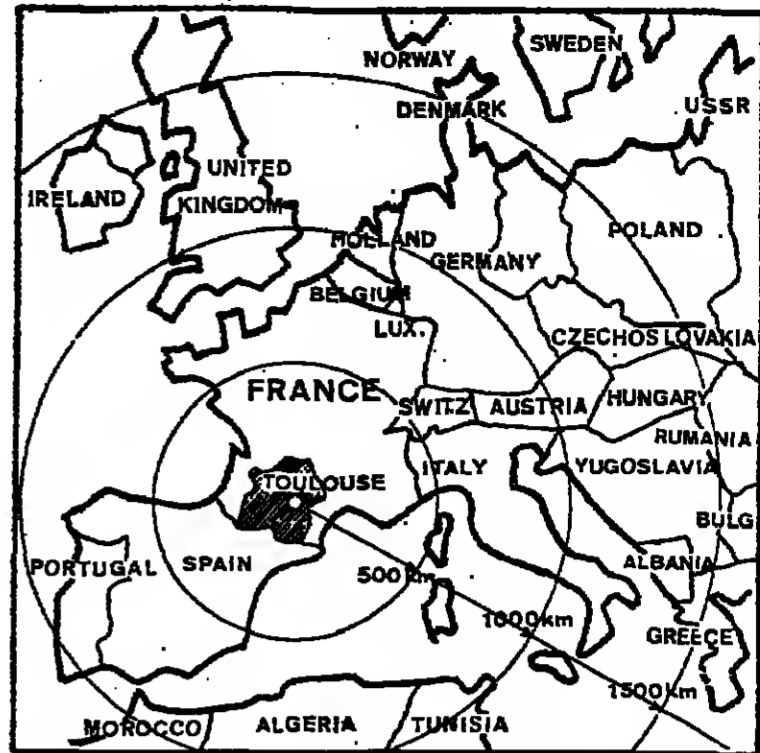
Telecommunications is not the Thomson-CSF group's only preoccupation. It is concerned about the fragmentation of French industry throughout the electronics field. On the computer peripherals front, where France has a Frs.2bn. a year, payments due, the State is to agree "growth contracts" with several concerns calling for capital investment. This association, created as an "economic interest group" which does not involve making any changes in capital structure, has been christened Frameta, and the essential object is to marry together the Metaconta versions developed by LMT and CGCT. It also ensures that the ITT subsidiary will share in the work flowing from the investment programme.

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FRANCE VIII

Short of orders and short of money, the shipyards are appealing to the Government for financial help. This is likely to be given, but only if the industry agrees to carry out further restructuring...

Shipbuilding

THE SHIPBUILDING industry in France is in difficulty. Even those yards whose order books were hitherto relatively full have recently been severely affected by the crisis...

Production in France is still high enough. Last year French yards delivered 1,544,000 gross tons of shipping, including two very large tankers of 550,000 dwt each for Shell Française...

However, order books almost everywhere are depleted. Shipbuilders say that they have barely received any foreign orders for the past two years.

During 1977 new shipbuilding starts will be only 500,000 grt, which implies that launchings next year will be of roughly the same order. Allowing for the fact that French yards are building more sophisticated vessels...

The companies whose existence as independent units is threatened are Dubigeon Normandie, which had links with Chantiers de l'Atlantique before the latter's merger, and Constructions Navales et Industrielles de la Méditerranée (CNIM), which is closer to France-Dunkerque...

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Meanwhile, Chantiers de La Ciotat, the second largest French shipbuilder, which is owned by the Lebanese institution, Intra Bank, is in a quandary. In the past it has co-operated with Chantiers de l'Atlantique both technically and in making joint tenders.

There is little doubt, however, that the French Government will have its way and will oblige the industry to "re-structure" itself this year.

The industry to "re-structure" itself this year. The industry is resisting change and asking for more time, in the brave hope that help will be forthcoming on minimal conditions.

Two strategies are thus coming into play. First, shipbuilding concerns are being merged with companies outside the industry: this is a solution à la japonaise...

The industry is thus witnessing the intrinsically more painful part of the process of "re-structuring." Merging companies in the same industry, as the State is preparing to do, means eliminating jobs.

The shipbuilding companies are having to knuckle under to Government mainly because they have no alternative.

At the same time the industry is pursuing other strategies, making contact with other European shipbuilders via the OECD and the EEC, and attempting to come to terms with the Japanese, who hold more than 50 per cent of the world market also via the OECD.

At the same time the industry is pursuing other strategies, making contact with other European shipbuilders via the OECD and the EEC, and attempting to come to terms with the Japanese, who hold more than 50 per cent of the world market also via the OECD.

Ideally, the EEC countries acting together would persuade the Japanese to co-operate, "not to press too hard." At the same time the Europeans and the Japanese would combine activities in selling ships both to the industrial nations and the developing world.

Not the least of the shipbuilding industry's problems is that competition from the developing countries is increasing.

Yards in South Korea, Singapore and elsewhere, tending to undercut Japanese. And tenders to 30 per cent below E levels continually emerge, the Far East, whether Tokyo or Seoul.

The French are determined to keep their ship industry alive, a mission to do so the company earned will have to make itself in some cases they out of business as independent units.

With some 30,000 employed in this industry sales in 1976 exceeded 5 and the prospect of a physical production of one third and possibly the next year—the 1 ought to lay off a go thousand men at once.

Henry Scott

As with shipbuilding, strategic direction of the aerospace industry is becoming more and more a Government matter. This is highlighted by the formation of a new Board to look after the State sector, with the long-term aim of achieving maximum co-ordination of all sectors.

Aerospace

FRANCE'S AEROSPACE industry went into the Paris Air Show at the beginning of this month short of both work and a sense of direction. The possibility of Concordia finally getting into New York and of the Airbus breaking into the American market were rays of hope but insufficient to sustain optimism in the industry.

It emerged from Le Bourget with at least the principal lines of its strategy in the civil field drawn, but with many of the details to be filled in. In establishing a State holding company to look after the public shareholding in the industry the Government is intending to provide for more consistent management of development and closer co-ordination between its constituent parts.

The chairmanship of this new Board is being entrusted to a man with wide experience both of the aviation industry and the civil service. M. Jean Hancard has been a senior civil servant looking after French Air Force matters; chairman of the State-owned aircraft engine builder Snecma; the Government's chief civil servant on armament policies and, most recently, chairman of the nationalised utility, Gaz de France.

His passage from the top ranks of the civil service to the top ranks of industry is by no means exceptional in France, and one of his qualifications is, undoubtedly, his long acquaintance with the affairs of the main private aircraft concern—Marcel Dassault-Breguet Aviation—in which the Government is to take a one-third blocking minority in the interests so as to control all the necessary means to co-ordinate the industry.

This Board will start to work out the details of policy—but meantime the main guidelines have been drawn. The first 160-seat aircraft of medium range to meet the needs of airlines in the early 1980s.

market at a time of recession despite the technical bouquets universally accorded to it. Its present score stands at 43 sales and orders and 22 paid options including four aircraft to be leased.

It exists in a single version, the BA, powered by General Electric of U.S. engines. The main British interest in the aircraft is via Hawker Siddeley, which builds the wings as a sub-contractor.

It is generally believed that to become a success the Airbus needs to break into the U.S. market to prove itself in the most competitive and wearing conditions and to be able to offer models serving a variety of functions and with alternative power units.

At the Air Show Pratt and Whitney of the U.S. signed an agreement with the consortium to work with it to achieve certification by around March 1979 of a BA powered by the JT9D engine. Since this engine is one of the regular motors for the Boeing 747 and McDonnell Douglas DC-10 the Airbus offers greater compatibility for some airlines with existing material than with the original General Electric unit.

Entry into the U.S. market hinges on America's domestic carrier Eastern Airlines. This airline is leasing (without charge) four Airbuses to use on its dense Florida-New York run for six months and says that if they are successful it could follow up with a substantial purchase order.

ing 120 and 160 passengers respectively (the A200 programme) powered by CFM-56 engines which are the product of a joint venture by Snecma of France and General Electric of the U.S.

Endorsement of this project, at least at the study level, implicitly brings down the curtain on the year-old co-operation venture between McDonnell Douglas of the U.S. and Dassault of France on a slightly bigger airliner christened the ASMR. The ASMR was to have become a derivative of Dassault's Mercure 100—now in service with the State-owned Air Inter—which has bought the only ten aircraft sold. But McDonnell Douglas has concluded from its discussions with airlines that ket wants.

even with the improver has made to the design no market for such as in the near future. A operative venture which appeared to be fraught with agreements from the seems unlikely to continue.

In its turn the British space group has proposed own contender for the market in the shape of proved and stretched B Eleven (the X-Eleven) also using CFM-56s.

Discussions are taking between the potential E partners on the pro choose, but they are ha against a background of different views of what ket wants.

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The French chemicals industry remains essentially weak with many small companies. It also has to live under the threat of widespread nationalisation which is being advocated by the Left-wing opposition.

AFTER SURVIVING successive crises in the fibre, petrochemical, fertiliser and pharmaceutical sectors, the French chemical industry is nervously hitting its nails in anticipation of what could be its toughest ordeal yet—a victory of the Left-wing opposition in next year's parliamentary elections and the widespread nationalisation of the chemical and pharmaceutical industries which would follow. For under the opposition election manifesto, three of the country's most important chemical and pharmaceutical groups—Rhone-Poulenc, Pechiney Ugine Kuhlmann and the Hoechst-controlled Roussel-Uclaf—would fall into the State orbit.

Still reeling from the punishment it has received over the last few years, the industry is in no state to fight off the nationalisation threat. Already three of the five largest French chemical groups are under State control—the potassium and fertiliser group Entreprise Minière et Chimique EMC, the petrochemical and fertiliser subsidiary of the national coal board, CDF Chimie and the petrochemical subsidiary of the national oil companies ATO, while State-controlled Elf/Aquitaine is emerging as a major force in the pharmaceutical sector, where the State already holds a considerable leverage through the health insurance funds. Even the shareholders are unlikely to complain. With the Rhone-Poulenc and Pechiney Ugine Kuhlmann (PUK) chemical activities running up losses for two years running and their shares standing at record lows, many of them believe compensation terms under nationalisation could hardly be tougher than the prices currently being offered on the stock market. While French investors in Roussel-Uclaf have already swallowed the German Hoechst

The crisis of the French chemical industry is, of course, not related to whether it is in public or private hands, but to its historic structure. In the years of strong economic growth which characterised the 1950s and early 1970s its weakness has been hidden, but once the French economic machine came to a halt—and in 1975 that halt was a pretty sharp one with gross domestic product actually falling—the fragility was all too easy to see. What made things worse, however, was that the French recession occurred just when French companies were at last trying to introduce the changes that were so long overdue.

Family

The essential weaknesses of the French industry was the lack of any national tradition in chemicals and the presence of too many small companies. The chemical sector remained in the hands of family concerns and pharmaceuticals was for a long time the virtual monopoly of small laboratories. It was only in the 1960s under the pressure of the Common Market and the need for larger plant installations that the chemical industry threw itself into a series of mergers. But this concentration of the industry only threw up grave personnel problems without removing the disadvantages of old-fashioned and dispersed plants. As a result, the new groups were left at a competitive disadvantage in relation to their more firmly established foreign rivals. Nationalisation may well prolong what has been a

Chemicals

The refutation of the French economy at the beginning of last year brought some relief to the chemical industry with a 32 per cent increase in organic chemical production, but by the year end falling prices had removed much of the benefits of increased sales. Output of inorganics, however, only rose 3.1 per cent as the crisis in fertilisers persisted and the output of parachemicals increased only 3.5 per cent. Profit margins suffered as a result of government price controls and competition from cheap imports.

Output

The 13.8 per cent increase in chemical industry output last year was not even enough to restore production to 1974 levels, but it did enable the major chemical companies to report better results. Those with strong petrochemical interests did best with both CDF Chimie and ATO making profits, a group heavily involved in fertilisers like EMC continued to languish, while industry leaders Rhone-Poulenc and Pechiney Ugine Kuhlmann sharply reduced their deficits. But the improvement has not been enough to encourage the industry to enter another investment phase, especially when parliamentary elections are but a year away and the economy is still suffering from the Government's anti-inflation drive. Rhone-Poulenc and British Petroleum have pulled out of a joint ethylene cracker project with Shell in the south of France and Shell has still

not decided whether to

ATO seems to have got plans for a new cracker in Gonfreville, contenting Feyzin in the Rhone With Esso and Dow of their plans for ethylene in France, the only scheme in progress is the Kirk cracker being built in Chimie with the help of finance. With no real intent to be detected in the of synthetic fibres and capacities developing plastics field, the industry marking time.

The main developer coming from government than private initiative, fertiliser field CDF Ch taking over the fertiliser interests of EMC to form giant state combine, GESA, the joint subsid Rhone-Poulenc and Pechiney Ugine Kuhlmann and Pechiney Ugine Kuhlmann are encouraged to COFAZ to form a major groupings. Similar are also planned in the pharmaceutical sector, where Government is anxious to develop larger national units able of carrying out research. Elf/Aquitaine made a strong start by up a whole string of pharmaceutical companies, but wise nothing has yet been to foster the creation of groupings. The only encouragement for the pharmaceutical companies has been the Government's readiness to treat the sector as an industry rather than merely as a fund on the health insurance.

Michael Pa

With large redundancies planned and severe financial problems, the French steel industry is going through an acute crisis which has led to a major political debate over its future shape.

Steel

THE CRISIS-STRIKEN French steel industry is to shed around 16,000 jobs in little more than a year as part of a plan to return to profitability and complete its modernisation. Together with this shrinkage of 10 per cent in the workforce, an investment programme of some Frs.12bn (£1.4m.) from State agency loans, commercial loans, EEC resources and the industry's own efforts is contemplated to replace the oldest of the steel-making installations in the two northern steel areas, Lorraine and the north-west frontier region with Belgium. It is in these two areas that the bulk of the redundancies will occur. The figures for redundancies as such as opposed to job loss are rather less impressive. All told some 4,000 workers will find themselves without a job, of which a good half will be immigrants. The remainder will be those reaching the age threshold of 56 years and 8 months and beyond who will move into early retirement on terms still to be fully thrashed out with the unions but which may include one year's pay at 90 per cent of finishing rates and falling to 70 per cent thereafter.

since the war. The steel industry itself would be tempted to complain that the problem has been not so much development plans but the successive "non-development" plans imposed by governments in the shape of control of prices in the interests of supplying cheap essential industrial raw materials for France's industrial transformation. The first big programme got underway in the mid-1960s, geared to a restructuring of the industry. This saw the emergence of the two giants of the industry in the shape of Usinor (7.9m. tonnes and 41,000 workers last year) and Sacilor-Sollac (6.5m. tonnes and 49,000). These two companies control 95 per cent of the Mediterranean coastal installation at Fos near Marseilles which last year produced 1.8m. tonnes out of a capacity of 3.5m. tonnes. It was originally intended that this plant would double its capacity to around 7m. tonnes to become, along with Usinor's Dunkirk installation, the show-piece of the French industry. The latest plan eventually achieves the ultimate Fos expansion.

Investments

The worst-hit region will be Lorraine, the traditional steel-making part of France, adjacent to Luxembourg and Germany, whose growth was based on local supplies of iron ore. The industry has already lost 10,000 jobs in this region since the start of the decade, and a number of towns heavily dependent on the steel industry to provide not merely wages but municipal taxes are likely to suffer long-term decline. Although the Government is affording priority to the area in setting new industry, there are few real hopes for substantial investment. The motor industry specifically is expected to create employment in the region but its investment plans are either already being fulfilled or insufficiently mature to be able to be phased in with the decline in steel employment.

When the latest recession struck, the French industry had not yet taken full advantage of modernisation and, in any case, produced around a quarter of its production from old plant. The decline in production caused by the recession was not accompanied by anything like a proportional decline in labour force, partly reflecting the Government's dislike of redundancies and partly misjudgment over the likely length of the crisis. The new investment plan is the third such programme for the overwhelmingly private sector French steel industry sharp deterioration in France's steel trade position, together with the increasing activity of Third World producers on non-EEC markets where Community producers had traditionally been important suppliers came on top of the persisting structural weaknesses of the industry to create a situation of frightening financial vulnerability. Cash flow was Frs.2.5bn in the red in 1975 and Frs.2.2bn in the red the following year—the Long and medium-term debt at the end of 1976 at Frs.33bn, exceeded sales for that year. The industry will have to find Frs.3.6bn in financial life charges; and loan repayments. But at the same time the Government is taking a hard-headed attitude to be involved in the new programme. It refused all pleas for investment except for asking to hold up closure of its furnace at Thionville—the company's closure exceeded with the closure of this associated mill. The industry is only getting a re-ment except for asking to hold up closure of its furnace at Thionville—the company's closure exceeded with the closure of this associated mill. The industry is only getting a re-

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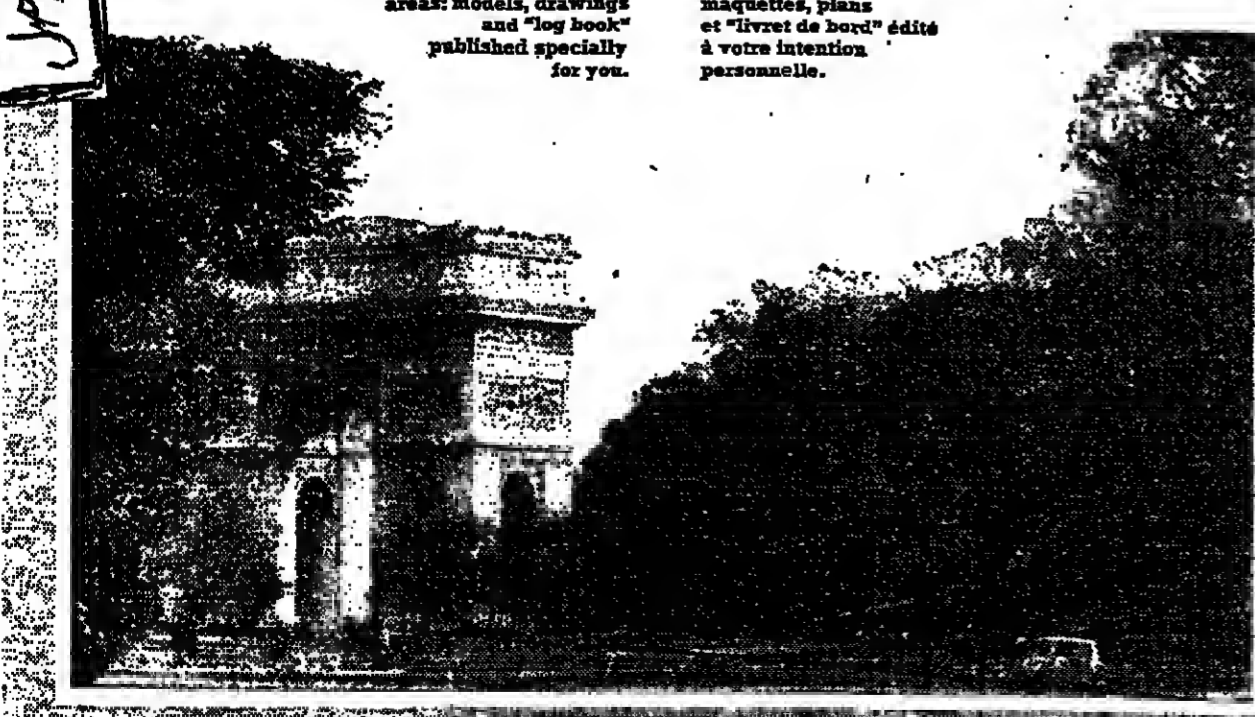
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In terms of turnover, the French have the strongest computer software and services companies in Europe. But while the industry is being restructured, an operation which is almost complete, strong industry and political objections could mean that problems will arise if new targets are not met.

Computers

OVER the bar the shorting... comment on the controver-... reorganisation of the French... industry would ring... if it were not for Socialist... to nationalise the new... French computer company, CII-... Honeywell Bull, so give it... power at the 1978... For on the face of things... of the restructuring... completed or well under... The Compagnia Inter-... pour l'Informatique... Honeywell Bull, so give it... title, will be a year old... July 1. The Government... laid down firm policy guide-... and offered financial aid... the other sectors of the... industry. The big electronics... groups, Thomson CSF, and... Compagnie Générale d'Elec-... tricité, have continued to build... their computer activities.

CII-HB has even published a... list of results, which says... president, M. Jean Pierre... meet initial targets... however, last September, the... company party reassured... capital users with outline... plans for bringing together the... age number of incompatible... computer ranges which it... reports.

Estimates
As a by-product of achieving... an increased market share, the... company is expected to be in... the black by 1980, with sales... fighting going on. Few... industry and political... factors to remain totally... ant-even discounting the... ed for fresh negotiations with... sensitive US partner, Honeywell... formation Systems, if CII-HB... nationalised.

For one thing, critics of... government policy are looking... ety closely at how CII-HB... sets its financial targets and... w it performs in the politic-... ly sensitive area of maintain-... employment, compared for... ample with IBM France, an... admittedly more questionable

estimate of the costs to the... state of converting their exist-... ing CII systems to new pro-... ducts from CII-HB.
Critics of the Government... strategy have recently concen-... trated their efforts on the pro-... gramme of guaranteed orders.
The projected public sector... need over the four years 1977-... 80 is Frs.5bn, worth of equip-... ment including both central... computers and peri-informatic... hardware. The implication is... that if the public sector is to... fulfil its commitment to CII-HB... it will have to take almost all... its central computers from CII-... HB. The terms of the deal make... it unattractive to do otherwise.
If there is a shortfall in the... Frs.4bn order programme, then... the government is pledged to... pay 55 per cent of the differ-... ence.

Hardware
Apart from these admitted... problems, the Government is... now prepared to concede that... CII-HB will also get a larger... share than originally foreseen... of peri-informatic orders. The... proportion of computer expendi-... ture represented by hardware... other than the central compu-... ter has grown much faster... than was apparently expected.
To make up for the relative... decline in CII-HB's potential... central computer market, it is... now expected that CII-HB will... be given around a third of... public sector peri-informatic... orders by 1980. This, it is... argued, will still leave an... adequate market for the peri-... informatic firms.

Though the CII-Honeywell... Bull merger and its ramifica-... tions have drawn the most... political attention and com-... ment in the past couple of... years, plans for other sectors... of the industry are also impor-... tant elements in French... strategy. The Government... offers "growth contracts" of... financial aid and other back-... ing in exchange for commit-... ment to fixed turnover, export... and employment targets. Nego-... tiations are currently under... way with half a dozen com-... panies in the peri-informatic... sector—and several contracts... have already been concluded.

One such is with SEMS... (Société Européenne de Mini-... informatique et de Systèmes),... now a Thomson CSF subsidiary... which combines the former CII... minicomputer interests with... the minicomputer side of Télé-... menique. What is still seldom... realised, particularly by the... Americans, is that SEMS is now... around seventh or eighth in the... world minicomputer sales... league tables. Most of its sales... are still in France and its po-... sition is probably not as strong

as its sales figures would... indicate.
Both Thomson and CGE have... been consolidating their com-... puting activities. CGE's services... subsidiary, Générale de Service... en Informatique, has recently... gained a foothold in the U.K... with the takeover of London... based CRC (Cybernetic... Research Consultants).
Other names which are mak-... ing progress quietly are Loga-... box, office computer and printer... manufacturer, which last year... achieved foreign sales of... Frs.200m., Benson, a graphic... equipment supplier, and Réali-... sations Etudes Electroniques, a... French microcomputer pioneer... just beginning to draw in... royalties from its U.S. licensee... Warner and Swasey.

French still have... Europe's strongest software and... services companies, at least in... turnover terms. These are due... to come next under the industry... ministry spotlight after a couple... of years in the wings.
French computer firms can at... least console themselves that... the bitter public debate over... the CII-HB merger has made the... average Frenchman, not to men-... tion Government officials, much... more aware of the computer... than their British counterparts... —even if there is more than a... trace of envy over the recent... successes of ICL in the U.K.

But the hostility of the... French Press towards the... merger and its consequences... still seems to astonish both... Jean-Pierre Brulé and the Industry... Ministry cabinet. The Govern-... ment line is that too few com-... mentators take a close enough... look at the economics of the... new deal.
"The aim is not to launch a... new Concorde," said one Gov-... ernment advisor, closely... associated with the new look for... French industry. Attitudes, not... least towards IBM's market... domination, are studiously... realistic. One thing which is... not excluded is further aid to... CII-HB after 1980 if such help... is needed to enable the com-... pany to make important tech-... nological breakthroughs.

Andrew Webber

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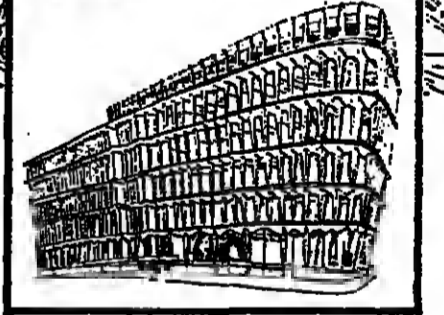


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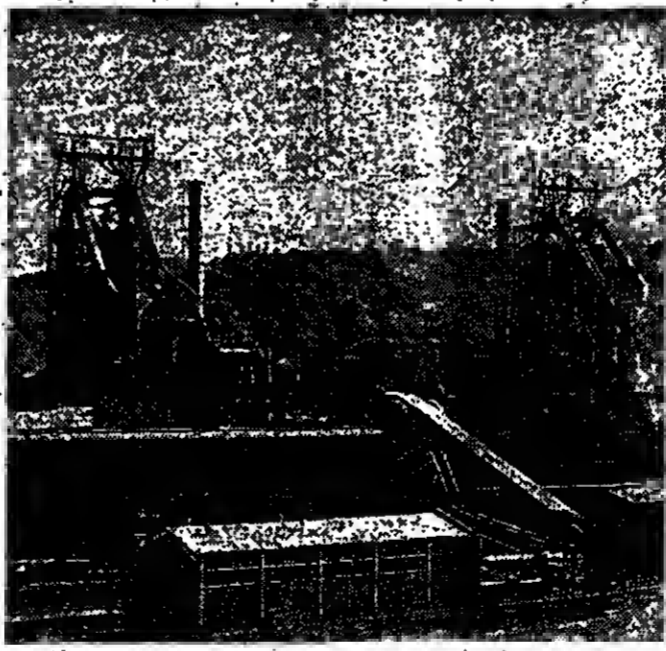
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Steel

government is resolute that it will not pick up the pieces for the industry without a parallel effort by the companies. It is establishing a powerful inter-ministerial monitoring committee to make sure that the engagements given by the industry in the question of social and financial matters are honoured. In addition, the main controlling groups will have to deposit part of their holdings with a government agency as security for the loans to be extended to the industry through the Government's soft-loan social and economic development fund FDES, which normally offers a 1 per cent discount on market rates.

As for the investment programme itself the industry's federation foresees Frs.3.5bn. being spent by the end of the decade, with total needs of the industry for all purposes at Frs.24.3bn. Of this some two-thirds will have to be borrowed. Looking to an improvement in the market the federation expects gross industry cash flow to add up over the four years 1980 to around Frs.23.7bn., leaving net profits after loan repayments and tax of some Frs.6.25bn.
These calculations rest on a number of assumptions. The first is that the net Frs.2.6bn. losses expected by the industry this year will gradually be converted to a profit of Frs.4.5bn. by 1980. The second is that over the same span production will recover to around 28.5m. tonnes in 1980, while prices will increase by 40 per cent over the same period. If these expectations are correct the industry can expect turnover to top Frs.56bn. in 1980, and cash flow to be in the order of Frs.30m. Equally, fulfilment of these prognostications would permit indebtedness to shrink from 104 per cent of turnover last year to some 70 per cent, though the actual amount of debt carried would be higher at around Frs.39bn.
Calculations also rest rather more indefinitely on certain external developments. The first of these is that measures should be taken within the EEC to stop suicidal competition on prices and to co-ordinate invest-



A blast furnace at the Wendel-Sidolor plant in Joaze.

ments. France was the first country to demand that the full emergency powers of the European Coal and Steel Community (ECSC) should be exercised to fix prices and control production. Two years afterwards the ECSC has moved towards meeting this demand by fixing certain reference prices and laying down production guidelines, although it has consistently declined to take direct action to limit imports.
France would also like to see international negotiations aimed at bringing order into the international steel market, arguing that as the industry's problems are essentially structural rather than simply the product of economic circumstances it requires an international understanding covering investment intentions and trade to provide individual national industries with the mood of confidence needed for them to organise their recovery.
There is a final circumstance which could of course take everyone back to basics. This would be victory by the Socialist-Communist coalition in next year's general election. The Socialists are committed to taking a sufficient stake in the

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David Curry

FRANCE XII

Last year saw a recovery for French wines and spirits after the sharp decline of 1974 and the country was again the world's largest producer beating Italy, its main rival.

Wines

IT MAY fairly be claimed that France's wines and spirits continue to be the world's largest and most widely disseminated products. One has only to recall the names of the leaders from 65.8m. hl. from Italy, its only geographical rival in this respect and potencies: Bordeaux, for incomparable dry red wines and luscious whites; Burgundy for superb fuller-bodied reds and the world's finest dry whites; Champagne, the source of unquestionably the finest sparkling wine; and Cognac, a synonym for brandy throughout the world to the French authorities' attempts to stop the misuse of the name. Then there is a remarkable second tranche, which would include the leading Rhônes, Sparkling Saumur and Armagnac. Nor would it be difficult to pick a third team.

Further, in quantity, France is also often the world's largest producer, as it was in 1976, with a total production of 74.5m. hectolitres, compared with 65.8m. hl. from Italy, its only geographical rival in this respect and potencies: Bordeaux, for incomparable dry red wines and luscious whites; Burgundy for superb fuller-bodied reds and the world's finest dry whites; Champagne, the source of unquestionably the finest sparkling wine; and Cognac, a synonym for brandy throughout the world to the French authorities' attempts to stop the misuse of the name. Then there is a remarkable second tranche, which would include the leading Rhônes, Sparkling Saumur and Armagnac. Nor would it be difficult to pick a third team.

and spirits were responsible for Frs.6.15bn. Of this total wines contributed Frs.3.6bn. and cognac Frs.1.6bn.; and in the wine section more than half the revenue came from table wines bearing an *appellation contrôlée d'origine*. In fact 1976, at home and abroad, was a year of recovery for French wines and spirits after the sharp decline of 1974 that coincided with the world-wide economic recession associated with the energy crisis that began in 1973. The recession tended popularly to be identified with the "Bordeaux scandal," which in the context of the whole Bordeaux trade, let alone that of superior quality French wines as a whole, was a storm in a not over-large bottle. For it only concerned a quantity of wine incorrectly attributed to probably the most basic *appellation contrôlée* in all France: Bordeaux Rouge. The case provided buyers, particularly overseas buyers, with an excuse for withholding, but much more damaging was the preceding sharp and apparently permanent upturn in consumer

demand that led to extensive planting, notably in Champagne (from 44m. bottles in 1973 to 28m. in 1975), an energetic publicity campaign was organised within France and in Belgium too. Home sales rose from 75.5m. bottles in 1974 to 115.5m. last year. Belgium, with a 9m. population, became the biggest importer. The growers accepted lower prices for their grapes, and prices remained little changed from 1974 to the beginning of this year. Cognac, too, maintained its prices—a fact not always recognised here in Britain, owing to the decline in sterling. Bordeaux's problems as well as its morale were helped by the excellent 1975 vintage, followed by a generally good one in 1976, a year which proved outstanding in Burgundy, from Chablis down to Beaujolais. Cognac has still to overcome some of its difficulties, arising largely from over-planting, but last year it registered a 23 per cent. increase in volume and 28 per cent. rise in receipts, compared with 1975, and this brought it back to something like the pre-slump position.

The real problem in the superior quality wine areas is that of financing stocks of wines that require essential varying periods of maturing before they can be sold and consumed. The merchants cannot afford the high interest rates, and the lower charges available through Government intervention to the growers have been raised and made more difficult to obtain owing to the deflationary policy in force. However, Gaul is divided into three parts, as geographically it was alleged to be in Julius Caesar's time. If the high quality wines are not doing at all badly, the middle range—representing a majority of the nearly 300 *appellation contrôlée* wines and nearly all of the nearly 300 *appellation de Qualité Supérieure* labels—Are having their difficulties. They have to rely to a great extent on the home market, and their receipts are much more closely tied to actual costs than is the case with the higher quality AC wines with greater opportunities in a world-wide market. However, their problems are as nothing compared with those of southern France, the largest wine-growing area in the world, and the source in only six departments of half the total French wine crop. There one has the vicious circle of low prices leading to over-production, poor quality and low strength, and these deficiencies resulting in unprofitable prices and the necessity to import better wines to compete with them. Nor, of course, has EEC membership helped. In 1963 France imported 6.8m. hl. from Algeria and 2.47m. hl.

from Morocco and Tunis combined. In 1976 the comparable figures were 231,000 hl. and 314,000 hl. The French authorities fought a long rearguard action to prevent or limit imports from the only alternative source, its EEC partner, Italy, but they had to give way in the early 1970s, and whereas in 1963 wine imports from Italy were negligible, last year they came to 6.07m. hl. Even this total was over 2m. hl. lower than in 1975, since early last year the weakness of the lira led to countervailing compensatory duties that made Italian wines less attractive to the merchants of the Midi, who nevertheless need them to improve the local wines. A further problem is the decline in consumption inside the country: from 150 litres per capita 50 years ago, bare 100 litres to-day, a forecast to go lower. AC wine consumption is up at the expense of ordinary; there is only a 10 per cent. increase in total production ranging from 33m. hl. Apart from solutions for purely French problems, some general of wine production in countries, present and seems essential, while consumption, especially producing countries, should be encouraged. And for the U.K., over to the Ch. of the Exchequer!

Ed Pennington

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Champagne

It must be said that the trade in these leading districts buckled to the most notable example being Champagne. Faced with a dramatic fall in the exports on which the firms—as opposed to the growers who produce

Beaubourg, the Opera and the Maisons de la culture all have their problems as the country's cultural policy is under attack and television is a major blot on the French cultural scene.


Culture

"THE ONLY thing wrong with Beaubourg," said a knowledgeable Parisian friend, "is that it's 20 years out of date." What? This enormous blob of modern architecture, with its exhibitions and libraries and ultra-technological audio-visual aids, out-of-date within four months of its opening? How can anything be out-of-date that draws in 20,000 people daily and remains as controversial as it was on the drawing-board? But one knew what was meant by the remark. There is something all too definably wrong, and it has to do with the enormous exterior conduits to buildings—although with the number of visitors well into its

third million it may seem perverse to suggest that there is at present no real clientele for a cultural centre of these dimensions and these potentialities. A high proportion of the visitors, however, go there as they would to the Eiffel Tower—to gaze. And there is much to gaze at. The external architecture has its committed supporters as well as its opponents. True, the whole thing comes as a bit of a shock in that particular corner of old Paris. But it is a salutary shock. So long as they are careful not to allow the bright paintwork on those enormous exterior conduits to get tatty, this monument to President Pompidou and his

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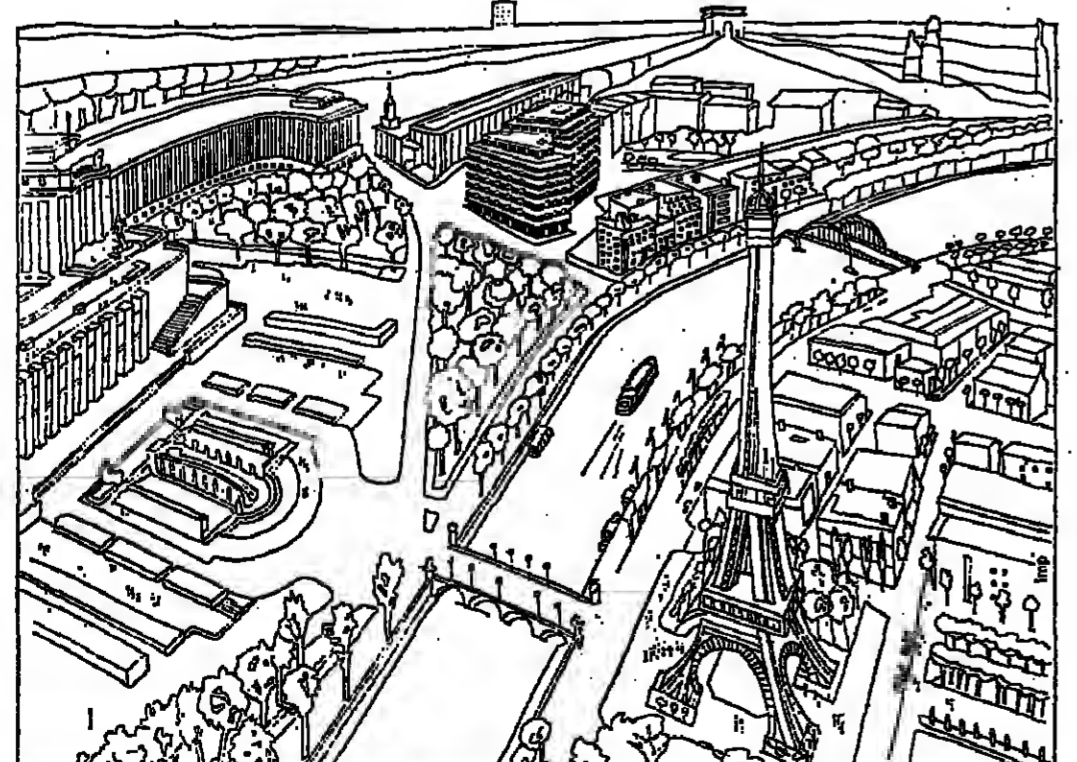
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Museum

As the world's largest museum of modern art, the Centre could hardly fall although not all the works stand up as well to their stimulating surroundings as do, for instance, the Kandinskis and the Légers. A quarter of those who visit the Centre pass through the museum. The operative phrase is "pass through." Optimists believe a new sector of the public will be converted to the practice of looking at pictures, in which case the discomfort of those who already enjoy looking at them, and now wish they were back in the muted hush of an ordinary museum, will have been vindicated. Although it is too early yet to say, the same may well apply to the Centre's first major exhibition, "New York-Paris," a record of seventy years of artistic exchanges between the two capitals. Imaginatively presented and as controversial as any argumentative art fan could wish, this show illustrates one of the Centre's main problems. It includes 450 works. Nobody in the course of one, or even two or three visits, can possibly really look at 450 works. The prospect is particularly daunting for just the kind of new customer a place like Beaubourg is supposed to attract. This is where what is wrong with Beaubourg is also what is wrong with a major part of French cultural policy. What is really wrong with the policy, according to Jean Negroni (who last year walked out on his job as Director of the Maison de la Culture in Creteil), is that there isn't one. There are some ten or fifteen-year-old grandiose (and general) concepts which have been translated into ambitious, sometimes pretentious buildings, and a lack of money or ideas to put into them. André Malraux, France's first Minister of Culture, devised the idea of the *Maison de la Culture* (despite its totalitarian ring, the French have no inhibitions about using the word). There were originally supposed to be eighty of them, one to almost every department, and Malraux's idea was that all should be built simultaneously, thus achieving an instantaneous explosion of cultural decentralisation. This gripping vision lacked economic foundations and was largely without support in the country.

The French have 16 names for British businessmen

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Ed Pennington

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COMPANY NEWS + COMMENT

ISSUE NEWS AND COMMENT

City Hotels quote

Norcros holds £12m. despite Hygena losses

AFTER BEING marginally lower at £4.55m against \$4.7m in the first six months Norcros has made up this lost ground in the second half to finish the year to March 31, 1977 all square at £12.06m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are increases or falls and the sub-divisions shown below are based mainly on last year's turnover.

Table with columns: Company Name, Date, and Notes. Includes Norcros, Hygena, etc.

Reflecting a reduced tax charge the balance attributable to Ordinary holders emerges ahead from £3.71m to £7.67m, producing earnings per 25p share of 13.93p (11.82p).

Table with columns: 1976-77, 1975-76, 1974-75. Rows include Group sales, Exports from U.K., etc.

All of these experienced sluggish activity in the U.K. but buoyant conditions in the export markets. The group is continuing to concentrate on these in the current year and given that it is also looking for some substantial loss elimination from Hygena this time, following a 50 per cent reduction in capacity, the chances of real profits growth in 1977-78 look good.

Surge to £0.47m. by Robt. Moss

AS FORECAST, manufacturers of plastic injection mouldings, Robert Moss achieved record pre-tax profits for the year to March 31, 1977 with an upsurge from £244,895 to £711,070. At mid-way the rise was from £72,027 to £150,451.

At half-time when it became clear that Hygena was headed into deep losses, Norcros seemed to be on its way to a significant full-year downturn. In the event, profits are unchanged pre-tax and earnings per share, after a reduced tax charge, are 25 per cent ahead.

Sotheby offers 3.85m. shares at 150p each

The prospectus is published today for the Offer for Sale of 3.85m. Ordinary 25p shares in Sotheby Parke Bernet Group at 150p each to raise £577.5m. Of the total of 3,274,367 shares are being made available by existing shareholders and 575,033 are new shares. In addition to these new shares, 100,000 shares are being sold at the offer price of 150p by Lane Crawford which which the company has a joint venture in Hong Kong.

Net tangible assets at 31 August 1977, are indicated at £10m, equal to 91.7p per share. The application list will open on Thursday, June 30. The offer is made by Kleinwort Benson, N. M. Rothschild and Sons and S. G. Warburg. Brokers to the issue are Cazenove.

Robertson Foods sees expansion

With the benefits coming from the company's investment programme at Viota, Mr. Christopher Robertson, chairman of Robertson Foods, is confident of a significant increase in profits in the current year.

Readicut growth to continue

MR. P. J. CROSETT, chairman of Readicut International, says that with continued capital expenditure, its acknowledged leadership in many fields and plans for further growth, he is confident that the company will continue to expand.

Arrangements have been completed for the quotation of City Hotels Group's share capital following a placing by Barclays Merchant Bank of 1.1m. Ordinary 20p shares at 60p per share. Proceeds of the placing will be used to repay directors' loans to the company amounting to £208,998 and to purchase a minority interest in Dayville for £106,000. The balance of the net proceeds will be used for working capital.

City Hotels has three trading operations. The hotel division, which operates a total of 1,100 beds in several hotels, produced profits of £43,000 in 1976 on a turnover of £1.1m. The "Strikes" restaurant (plus three Wimpy franchises) operating "middle-market" licensed premises specialising in hamburgers and steaks. Profits from that operation show a 150 per cent increase to £211,000 during 1976.

H & C spending plans

CONSIDERABLE capital expenditure is envisaged in the current year and for some years ahead at Harrison and Crosfield, Mr. J. F. Gilchrist, the retiring chairman, says in his annual statement. This expansion will be mainly directed towards the development of industrial divisions particularly British Chrome and Chemicals and Durham Chemical Group.

Lyon & Lyon forecasts 6p

The Lyon and Lyoo chairman has written to holders stating that the directors, their families and certain other holders representing 32.85 per cent of the equity intend to reject the offer from Clyde Petroleum.

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times: International Rectifier, Corporation (section: Overseas—New York) London Prudential Investment Trust (section: Investment Trusts).

HARRISONS & CROSFIELD

Summary of Group Results table with columns for 1976 and 1977. Rows include General Merchandising and Services, Manufacturing and processing of Chemicals, etc.

These notes having been sold, this announcement appears as a matter of record only.

US \$35,000,000 IC Industries Finance Corporation N.V. 8 3/4% Guaranteed Notes Due 1987. Unconditionally Guaranteed as to Payment of Principal and Interest by IC Industries. Merrill Lynch International & Co., Banque de Paris et des Pays-Bas, etc.

FINANCE FOR INDUSTRY TERM DEPOSIT. Deposits of £1,000-£25,000 accepted for fixed terms of years. Interest paid gross half-yearly. Rates for deposits received on or after 1.7.77.

FORMINSTER LIMITED (Incorporated in England under the Companies Acts 1948-1976). Issue of 1,058,304 10 per cent Cumulative Preference Shares of £1 each.

PHILIPS & DREW, Lee House, London Wall, London EC2Y 5AP. 27th June, 1977.

Pending dividends timetable

For the convenience of readers, the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table...

Table with columns: Date, Announcement, Dividend, etc. Lists various companies and their dividend dates and amounts.

INTERNATIONAL COMPANY NEWS Luxembourg tax reform

BY DAVID BUCHAN BRUSSELS, June 26. ABOUT 1,000 of the 5,000 to 6,000 holding companies registered in Luxembourg will fall below the new minimum capital requirement...

\$40m. standby credit

NORTH WEST INDUSTRIES, the Chicago-based conglomerate, has arranged a \$40-million standby credit facility with a group of international banks...

Insurance step in Hong Kong

HONG KONG, June 26. EXTENDING ITS insurance activities into the field of general insurance, the Hong Kong branch of the Malaysian insurance company...

Money and Exchanges

The trade weighted average index as calculated by the Bank of England, finished unchanged at 61.8. Of the 15 calculations made last week only one showed a slight decline...

MINING NOTEBOOK

Uranium conundrums remain unsolved

BY LODESTAR LAST WEEK I was talking about the gathering of the uranium industry in London for the Uranium Institute's international symposium. A welter of words was duly forthcoming on Thursday and Friday...

Public Works Loan Board rates

Table showing Public Works Loan Board rates for various years (1975-1980) and interest rates (10%, 12%, 15%, 20%).

RECENT ISSUES

Table titled 'RECENT ISSUES' listing various financial instruments and their prices.

FIXED INTEREST STOCKS

Table titled 'FIXED INTEREST STOCKS' listing various fixed interest securities and their market values.

RIGHTS OFFERS

Table titled 'RIGHTS OFFERS' listing various rights issues and offers by different companies.

BASE LENDING RATES

Table titled 'BASE LENDING RATES' listing various banks and their base lending rates for different terms.

FOREIGN EXCHANGES

Table titled 'FOREIGN EXCHANGES' listing various foreign exchange rates for different currencies.

OTHER MARKETS

Table titled 'OTHER MARKETS' listing various market indices and commodity prices.

GOLD MARKET

Table titled 'GOLD MARKET' listing gold prices and market activity.

EXCHANGE CROSS-RATES

Table titled 'EXCHANGE CROSS-RATES' showing cross-rates between different major currencies.

EURO-CURRENCY INTEREST RATES

Table titled 'EURO-CURRENCY INTEREST RATES' listing interest rates for various Euro-currency deposits.

INSURANCE Subsidence liability of councils

BY OUR INSURANCE CORRESPONDENT LAST YEAR'S household subsidence claims are likely to cost insurers about £75m, perhaps more, while the claims notified this year are likely to reach a similar sum...

Advertisement for THE SANWA BANK, LIMITED, featuring the bank's logo, name, and details about floating rate London Dollar Certificates of Deposit maturing in June 1980. Managed by Sanwa Bank (Underwriters) Limited, June 1977.

All of these Securities have been sold. This announcement appears as a matter of record only.

\$100,000,000

Republic of Venezuela

7 7/8% Notes Due 1982

Interest payable June 15 and December 15

J.P. Morgan & Co.

MORGAN STANLEY & CO.

THE FIRST BOSTON CORPORATION

SALOMON BROTHERS

KUHN LOEB & CO. GOLDMAN, SACHS & CO. MERRILL LYNCH, PIERCE, FENNER & SMITH

BACHE HALSEY STUART INC. BLYTH EASTMAN DILLON & CO. DILLON, READ & CO. INC.

DREXEL BURNHAM LAMBERT HORNBLOWER, WEEKS, NOYES & TRASK

E. F. HUTTON & COMPANY INC. KIDDER, PEABODY & CO. LAZARD FRERES & CO.

LEHMAN BROTHERS LOEB RHOADES & CO. INC. PAINE, WEBBER, JACKSON & CURTIS

REYNOLDS SECURITIES INC. SMITH BARNEY, HARRIS UPHAM & CO.

WARBURG PARIBAS BECKER WERTHEIM & CO., INC. WHITE, WELD & CO. DEAN WITTER & CO.

J. HENRY SCHROEDER WAGG & CO. UBS-DB CORPORATION

ABD SECURITIES CORPORATION BASLE SECURITIES CORPORATION

EUROPARTNERS SECURITIES CORPORATION ROBERT FLEMING KLEINWORT, BENSON

NEW COURT SECURITIES CORPORATION SCANDINAVIAN SECURITIES CORPORATION

SOGEN-SWISS INTERNATIONAL CORPORATION COUNTY BANK

DAIWA SECURITIES AMERICA INC. THE NIKKO SECURITIES CO.

NOMURA SECURITIES INTERNATIONAL, INC. VEREINS-UND WESTBANK

YAMAICHI INTERNATIONAL (AMERICA), INC. NEW JAPAN SECURITIES INTERNATIONAL INC.

ULTRAFIN INTERNATIONAL CORPORATION

June 24, 1977.

Charringtons Industrial

Mr Rowland Hall, the retiring Chairman, reports record profits, and tenth successive dividend increase.

I am pleased to report record profits before tax of £4,168,000, an improvement of nearly 25% on the previous year.

* Overall, the results from our motor garages were down on last year, although, as always, there were 'swings and roundabouts'.

* The turnover of our solid fuel company showed a slight increase but this was entirely the result of inflationary price increases.

* Inflation also resulted in a significant increase in the turnover of our fuel oil company in spite of a 7% downturn in tonnage.

* Ruypm Limited had a record year, which is quite an achievement in view of the current state of the building industry.

* Overall, the results from our motor garages were down on last year, although, as always, there were 'swings and roundabouts'.

* Glover, Webb & Liversidge further increased its overseas activity, and exports more than doubled.

* The results from the main transport and warehousing companies equated to those of last year, due to the flexibility of our management in being able to satisfy the ever-changing demands of the transport industry.

* Wool prices continued to rise and this is reflected in an increase of over £360,000 in the profits of the division.

* The opening weeks of the current financial year produced profits appreciably better than in 1976.

Table with 2 columns: 1977, 1976. Rows: Sales to external customers, Profit before tax, Profit after tax.

Table with 2 columns: 1977, 1976. Rows: Dividends per share, Interim, Proposed Final, Earnings per share.

Charringtons Industrial Holdings Ltd

Copies of the Report & Accounts may be obtained from the Company Secretary, 11 Grafton Street, London W1.

HOME NEWS

FT GROCERY INDEX

Prices rise 8.76% in six months

BY STUART ALEXANDER

THERE has been a rise of about 13p a dozen. Eggs are expected to rise again soon. There were some reductions and some large rises in coffee, depending on how quickly earlier rises had worked through.

The effects of the Tesco price cuts however, are considerable and in a separate survey conducted only in Tesco stores the Tesco Index, computed on exactly the same lines, came out nearly 4.5 per cent lower than the average for other stores.

That does not mean that Tesco is necessarily the lowest-priced store, only that it is cheaper than the average of all others visited.

Items bought were the same, or nearly so, as those in the other stores. The reckoning includes stores which, not being in direct competition with main trading rivals, did not cut prices in any special effort to attract customers during the heavily promoted June period.

The Tesco shopping basket price is at the FT basket's level of February-March, which tends to confirm a trade opinion that a group was stocking up for three months or more before the dropping of Green Shield trading stamps led to price cuts and a £1.5m. advertising campaign to boost trade.

The general upward pattern continues, however, though both butter and eggs cost less this month by up to 10p per lb and

FINANCIAL TIMES SHOPPING BASKET table with columns for June, May, and various food categories like Dairy Products, Sugar, Tea, Coffee, Soft Drinks, Bread, Flour, Cereals, etc.

INDEX: 266.58

1971: Feb. 100; Mar. 101.09; April 102.73; May 103.75; June 108.26; Aug. 105.40; Sept. 105.26; Oct. 104.55; Nov. 107.24; Dec. 108.24

Warble fly plague hits beef prices

BY CHRISTOPHER PARKES

A PLAGUE of flies is forcing up the retail price of beef according to a leading butcher. Average prices will shortly go up 1 1/2p a pound, but the impact on some better cuts could be twice as high.

Mr. George Middlemiss, president of the National Federation of Meat Traders, said at the weekend that damage caused to cattle hides by the warble fly was mainly responsible for a 50 per cent slump in prices for skins.

In three weeks prices had fallen from 24 to only 17p a skin. He personally was losing £70 a week and this loss had to be covered by the consumer, he added.

Mr. Middlemiss said Government action was needed to force farmers to treat all their cattle against warble-fly infestation.

The larval grub of these flies borrows under the skins of living cattle, and pierce large holes in the hides as they eat their way out. Skins damaged by the insects are of little use to the shoe- and leather manufacturing industry and fetch only low prices.

The warble fly population in Britain increased sharply after last year's fine summer. Farmers cutting costs have also used less insecticide than in the past.

Mr. Middlemiss said the fly was costing the country between £6m. and £7m. a year. The Government should take its lead from Ireland, where dressing against warble-fly was compulsory and failure to protect animals could end in court action.

Mr. Middlemiss said hide prices had also been affected by an increase in the use of synthetics in the shoe industry.

He commented that meat prices in the U.K. were higher than they need be because of

Flour will go metric within three months

BY CHRISTOPHER DUNN

FLOUR will be sold by metric weight by the end of September. The Metrication Board has decided.

Sugar, breakfast cereals and suit have already gone metric. Mrs. Alison Stanley of the Metrication Board said yesterday: "Housewives coped successfully

with those changes so they should find buying flour in metric packs just as straightforward."

There will be two new sizes of bag, clearly marked metric pack, a 1.5 kilo pack which will replace the 5lb bag and a 500 gram size which will come to for the 1 lb bag.

Industry faces anarchy, say managing directors

TOP BUSINESSMEN have claimed that Britain's industry faces anarchy unless discipline among employees is improved.

Nearly a third of managing directors replying to a survey carried out by the magazine Business Administration said that there would be a "complete breakdown" of law and order if nothing was done to improve the situation.

The respondents gave strong support for legislation to outlaw unofficial strikes, curbing activities of pickets, restricting trade union power in calling official strikes and protecting employees who resist union membership on conscience grounds.

A big majority of the executives blamed weak leadership by management. They softly, softly" approach by young managers was attacked.

The respondents gave strong support for legislation to outlaw unofficial strikes, curbing activities of pickets, restricting trade union power in calling official strikes and protecting employees who resist union membership on conscience grounds.

Capper-Neill £4m. storage tank order

CAPPER-NEILL has won an order to construct four insulated storage tanks for Sullom Voe terminal in Shetland, worth £4m.

The specialised tanks are intended for the storage of liquefied petroleum gases. Completion is planned for early 1979.

PLESSEY has won a £200,000 order from Marconi Space & Defence Systems for printed circuits and connectors for the Starcom Command UK/VRC 353 project, a sophisticated communications system for military use.

KIER LIMITED, a member of the French Kier Group, has been awarded a contract worth over £800,000 for the construction of the Queen's Pipeline for the North West Water Authority. The pipeline, which will take just over a year to complete, forms part of the Lune-Wyre Link which in turn is part of the North West Water Authority's Lancashire Conjointive Use Scheme.

SPOONER EDMESTON ENGINEERING has been awarded a contract for building a 4 metre wide coating line for Nairx Fibres. This is part of a £14m. investment recently announced by Nairx for a new complex to provide additional cushioned vinyl production facilities. It is the largest single order ever won by Spooner Edmeston Engineering and is valued at over £13m.

PATERSON CANDY INTERNATIONAL has won an order worth about £20,000 from Beecham Pharmaceuticals for a concentrate a dilute antibiotic solution.

BONEYWELL INFORMATION SYSTEMS has been awarded contracts worth £1m. for a Scottish built Honeywell 68/10 computer system by the Anglian Water Authority. This will give the Authority its first centralised in-house computer system.

CHRYSLER UNITED KINGDOM'S Dodge truck division has won an order worth £1.1m. from Whitbread and Company for 128 Dodge C15 lorries.

The full vehicle specification for the 14.5 ton GVW 100 series Commando lorries has been developed with Whitbread over the past two years to provide a suitable low loading height for palletised delivery.

ASHLAND OIL (G.B.) LIMITED

U.S. \$ 60,000,000 7 1/2% GUARANTEED NOTES DUE 1982

Guaranteed on a subordinated basis as to payment of principal, premium if any, and interest by ASHLAND OIL, INC.

BANQUE DE PARIS ET DES PAYS-BAS DEUTSCHE BANK AKTIENGESELLSCHAFT DRESDNER BANK AKTIENGESELLSCHAFT OKION BANK LIMITED

S. G. WARBURG & CO. LTD.

Vertical text on the right edge of the page, including 'WEST', 'PENTON MITE', and other fragments.

LABOUR NEWS

Ford recall may be hampered by pickets

By David Churchill, Labour Staff
FORD'S ATTEMPTS to recall 13,000 car workers to its Dagenham works to-day may be severely hampered by continued picketing at the factory by striking car assembly workers.

Queue to avoid Phase 2 continues to grow

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

THE QUEUE of workers ducking a Phase Two pay settlement in the hope of doing better after July 31 continues to grow in spite of TUC leaders' warnings that postponement would help fuel a pay explosion.

40,000 Merchant Navy officers, as well as smaller groups in other industries such as Fleet Street journalists.

Retirement could hit coal output

By Our Labour Staff

PLANS TO allow Britain's miners to retire at the age of 62 could, by leaving the coal industry short of skilled workers, hit coal production.

Bid to avert ferry strikes

British Rail has made new proposals to avert a threatened series of 48-hour strikes by men on its ferries at Dover and Folkestone.

Scientists' pay

FEARS THAT Britain's senior professional managers would lose to other employees in the next phase of the pay policy were voiced by members of the Association of Professional Scientists and Technologists at their annual conference at Manchester at the week-end.

Call for industrial democracy experiment backed by professor

BY NICK GARNETT, LABOUR STAFF

SUPPORT FOR the CBI's proposal for a period of experiment on industrial democracy has been given by Professor Ben Roberts of the London School of Economics.

rejection is the extreme view that the only form of participation that is meaningful is one which so enhances the bargaining power of the unions that in effect they take over the control of private and public enterprises.

WGI PROFITS IMPROVE IN SECOND HALF

Points from the Annual Report and the Statement by the Chairman, Mr F P S Stammers, for the year ending March 31, 1977:

In my half year review I anticipated that the second half would produce higher profits and this has been borne out. Profit before tax for the first half was £261,082, and for the second half £501,520 making a total of £762,602 for the year.

Costs arising from the problems of the Civil Engineering Division, caused by cuts in the construction industry, have been offset to a very large extent by a very good performance by the other divisions.

The Refractories Division has continued to improve its efficiency achieving yet another record profit.

In addition, United Kingdom Construction and Engineering Company Ltd., concerned mainly with process plant design and construction, has produced its highest ever profit by a large margin.

On the Mechanical and Process side, Cox & Wright Limited has exceeded its forecast in the year just ended and, with sales now running at twice the level of a year ago, it should continue to make very good progress.

Tully Engineering Company Limited continues to perform well, whilst West Pico Limited has produced substantial increases in profits each year since it became an independent operating subsidiary in 1974.

We have formed a new company, West's Prochem Limited, covering engineering management and turnkey project work. The Chemical and Petro-Chemical industry is committed to considerable investment over the next few years, and the new company broadens our interest in this area.

Construction activity at home remains an uncertain quantity. However orders received in the first two months of the year are back to the highest level achieved by the piling company, albeit with margins that reflect the competitive climate.

WGI WEST GROUP INTERNATIONAL

Lloyds House, Alderley Road, Wilmslow, Cheshire SK9 1QA. Wilmslow (09964) 27488. Mechanical, Process and Structural Engineering - Civil Engineering - Specialist Refractory Manufacture

BROOK STREET BUREAU

Results for 1976 and 31st December 1975. Turnover 10,391,247, Profit 705,654, Earnings per share 4.26p.

HEADLAM, SIMS & COGGINS LTD.

SALES INCREASED BY 28% - PROFITS BY 54% IN A RECORD YEAR ON ALL FRONTS. Extracts from the Statement by Mr. Alec H. Coggins (Chairman).

VAUX BREWERIES

INTERIM REPORT

In December 1976, the company announced a change of financial year-end from April to September and the extension of the current year to the 1st October 1977.

- Pre-tax profit was 16.8% ahead of last year and exceeded £5 million for the first time. In December 1976, we announced an interim dividend of 5.85% payable in August 1977.

The Annual General Meeting will be held in Sunderland on 5th August 1977. Copies of the Interim Report are available from the Secretary, Vaux Breweries Limited, The Brewery, Sunderland.

Comparative Figures table with columns for 1973, 1974, 1975, 1976, 1977 and rows for Turnover, Profit before Tax, Available for shareholders, Capital employed.

LEIGH INTERESTS LIMITED

Record Profits in our 50th year

Results for the year ended 31st March 1977. 1976/7 1975/6. Turnover 12,894, Profit before tax 589, Profit after tax 279.

Extracts from the Statement by the Chairman, Mrs. J. Agar.

Bearing in mind that the Walsall Wood waste disposal site has not been operational during the year, that no benefits have as yet accrued from our planned expansion into the rest of the UK and that only preliminary payments have been received from overseas the total profits before taxation of £589,074 are more than creditable.

The year has been a period of consolidation and of planning for the next major step forward in the Group's development. Now we are proposing to make use of our accumulated experience in waste disposal in wider national and international markets.

PENTOS LIMITED

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar. All documents for registration and correspondence should in future be sent to:-

Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA. Telephone: Worthing 502541. (STD Code 0903).

D.K.G. MORGAN, F.C.A., Director



We achieved a record profit in difficult circumstances

- Some salient points from the Statement by the Chairman, Mr. R. C. Robertson: The year's record profit represents an increase of 14% over last figures.

Results at March 1977. 1976/7 1975/6. Sales: UK-Home 43,458, Export 3,326, Overseas 6,482.

Robertson Foods Limited

If you would like to receive a copy of the Report and Accounts, but are not a shareholder please fill in this coupon and send it to: The Company Secretary, Robertson Foods Limited, 50 Burnhill Road, Beckenham, Kent BR3 3LA.

Name: Address: FT 141

Sotheby Parke Bernet Group Limited

Continued

Results and Application of Funds

Table with 5 columns: Year ended 30th September, 1976, 1977, 1978, 1979, 1980. Rows include Sources of funds, Application of funds, and Increase (decrease) in net liquid funds.

7 Accounts: No audited accounts of the Company or any of its subsidiaries have been made up to respect of any period subsequent to 28th February 1977.

DELOITTE & CO. TANSLEY WITT & CO. Chartered Accountants Chartered Accountants

APPENDIX I PREMISES

Table with 4 columns: Description, Terms, Cost or Valuation at 28th February 1977, Area. Rows include Bond Street premises, 19, Motcomb Street, Hodgson's Rooms, etc.

(a) Revaluation, with additions at cost. (b) Accrued.

APPENDIX II FORECAST OF EARNINGS

1 Bases and Assumptions: The forecast of earnings before tax of the Company and its subsidiaries for the year ending 31st August 1977...

- (a) Substantially all auction sales planned for the remainder of the present season will take place and there will be no material change in the general level of prices currently being achieved.

2 Reports: The following are copies of reports to the Directors of the Company relating to the forecast of earnings before tax and tax charge for the year ending 31st August 1977...

(b) Letter from the Banks dated 22nd June 1977: The Directors of Sotheby Parke Bernet Group Limited, 34-35 New Bond Street, London W1A 2AA.

(c) Letter from the Banks dated 22nd June 1977: We have discussed with you and with Deloitte & Co. and Tansley Witt & Co. the forecast of earnings before tax and tax charge of Sotheby Parke Bernet Group Limited and its subsidiaries for the year ending 31st August 1977...

APPENDIX III STATUTORY AND GENERAL INFORMATION

1 Share Capital: There have been the following changes in the issued share capital of the Company during the two years preceding the date of this Offer for Sale...

(1) 40,410,199 new Ordinary Shares of 5p each were issued... (2) 2,437,749,355 of reserves, on the basis of 499,120,000 ordinary shares...

2 Articles of Association: The Articles of Association of the Company, referred to above, contain provisions (inter alia) to the following effect: (1) Year of Meeting...

3 Subsidiary Companies: The principal subsidiary companies, none of whose shares are listed on a Stock Exchange and which are, except where indicated, wholly-owned, are as follows: Business, Place and Date of Incorporation, Issued Share Capital.

Table with 4 columns: Business, Place and Date of Incorporation, Issued Share Capital. Rows include Sotheby Parke Bernet & Co., Sotheby Parke Bernet Inc., Sotheby Parke Bernet (France) S.A.R.L., etc.

4 Directors' Interests: On completion of the Offer for Sale agreement referred to above, the interests of the Directors in the share capital of the Company, other than beneficial, (excluding any Ordinary Shares which any of the Directors and any of its subsidiaries will apply for the Offer for Sale) are as follows...

Table with 2 columns: Name, Ordinary Share of 25p each. Rows include P. C. Wilson, G. Llewellyn, J. L. Marlow, etc.

5 Other Significant Interests: Save for the holding of Rothchild Investment Trust Limited ("RIT") which will on completion of this Offer for Sale beneficially own 1,000,000 Ordinary Shares of 25p each (equivalent to 10 per cent. of the issued Ordinary Share capital)...

6 Offer for Sale Agreement: Under contract (S) below the Banks have agreed, subject to submission to the Official List not later than 6th July 1977, to issue and sell on behalf of the Company...

7 Contracts: The following contracts, not being contracts in the ordinary course of business, have been entered into within the two years immediately preceding the date hereof and are, or may be, material: (1) Trust Deed dated 6th October 1975...

8 Taxation: The Directors are satisfied, having regard to the legal advice which they have received, that at no time since its incorporation has the Company been a close company and that it will be a close company after the completion of this Offer for Sale...

9 Inflation Accounting: The Directors have considered the possible effects of the system of inflation accounting proposed in Exposure Draft No. 18...

10 General: (1) The Company was incorporated in England under the Companies Act 1948 to 1967 on 1st October 1970 and its registered name is 1977. (2) The Company is a public company...

(11) Deloitte & Co. and Tansley Witt & Co. have given and have not withdrawn their written consents to the issue of this Offer for Sale with the inclusion of their joint report and joint letter (and the references thereto) in the form and content to which they are attached. Hooley & Baker have given and have not withdrawn their written consents to the issue of this Offer for Sale with the inclusion therein of the references to their valuations in the form and content to which they are attached.

11 Documents Available for Inspection: Copies of the following documents may be inspected at the offices of Stauter and May, 35 Rinkelhof Street, London EC4V 3DR, during usual business hours on any weekday, Saturdays excepted, for a period of fourteen days following the date of this Offer for Sale:

(a) The Memorandum of Association of the Company and new Articles of Association of the Company, referred to in paragraph 1 of this Appendix; (b) The audited consolidated accounts of the Company for the eleven months ended 31st August 1975 and the year ended 31st August 1976 and the audited interim consolidated accounts for the six months ended 29th February 1977;

PROCEDURE FOR APPLICATION: National Westminster Bank Limited, New Issues Department, P.O. Box 79, Old Broad Street, 12 Throgmorton Avenue, London EC2P 2BD will receive applications which must be for a minimum of 100 shares or for the following multiples of shares:

Copies of this Offer for Sale with Application Forms may be obtained from: Kleinwort, Benson Limited, N. M. Rothschild & Sons Limited, S. G. Warburg & Co. Ltd., National Westminster Bank Limited, New Issues Department, P.O. Box 79, Old Broad Street, 12 Throgmorton Avenue, London EC2P 2BD.

Sotheby Parke Bernet Group Limited Offer for Sale by Kleinwort, Benson Limited N. M. Rothschild & Sons Limited S. G. Warburg & Co. Ltd. of 3,850,000 Ordinary Shares of 25p each at 150p per share payable in full on application.

APPLICATION FORM: THE APPLICATION LIST FOR THE ORDINARY SHARES NOW OFFERED FOR SALE WILL OPEN AT 10 a.m. ON THURSDAY, 30th JUNE 1977, AND MAY BE CLOSED AT ANY TIME THEREAFTER.

Table with 4 columns: Number of shares applied for, Amount enclosed at 150p per share, Examples of amounts payable on application, Application fee. Rows include 100, 200, 300, 400, 500, 600, 700, 800, 900, 1000.

PLEASE PIN CHEQUE HERE: All joint applicants must sign and give names and addresses. A Corporation may only sign under hand by a duly authorised officer who should state his representative capacity.

Form with fields for Signature, Name, Address, Post Code, and FDR OFFICE USE ONLY (1. Acceptance No., 2. No. of shares accepted, 3. Amount received on application, 4. Amount payable on shares accepted, 5. Amount returned, 6. Cheque No.).

Table with 6 columns: NAME, TYPE, A.C. No., ACCEPT INTY, ACCEPTANCE No., No. of Shares, CURR. No. Rows include 1, 2, 3, 4, 5, 6.

OVERSEAS MARKETS

BY FRANCIS GH

Market remains in buoyant mood

THE EUROBOOND market was in a buoyant mood throughout last week and this enabled managers of new issues to cut coupons or increase the size of a number of issues.

Canadian Pacific was increased to 90c, the coupon was cut to 8 1/2 per cent, and the bond priced at par and a half. This did raise some eyebrows in the market but the secondary market endorsed the lead manager's view and by Thursday was quoting the bond above par.

Meanwhile, the coupon on Gist Broeders is now expected to be 8 1/2 per cent and the subscription date was advanced to Friday. All the signs were that demand was heavy which is not surprising. Apart from its reputation as being a well run company, the security of new Dutch issues compared to new French or Swedish paper makes the issue attractive.

Water Kilde was priced at par earlier in the week but its secondary market performance was at first disappointing although the price moved towards the end of the week. Some dealers said they were not keen on less than top quality paper.

Among the other issues announced were \$35m for Overseas Finance, \$50m for Den Danske Provinsbank, \$50m for New Brunswick, \$30m for Credit Commercial de France (the issue was put off a few weeks ago on account of adverse market conditions) and \$40m for STET.

STET is a member of the Italian state owned IRI group and the last time it floated a bond on the market was three years ago. The indicated coupon of 9 1/2 per cent is realistic according to dealers but the pricing will be watched with great interest.

Nobody in the market has forgotten the fate that befell the two Olivetti bonds. Although there is a good spread of banks in the management group, there are none of the major Swiss, German or French ones. Lead managers of this issue are Hill Samoil and Kredietbank Luxembourg and the money is being raised through STET's Luxembourg subsidiary.

The Imatran Voima bond was doing very well in the secondary market which, coupled with the continuing fall in Belgian interest rates has some wagers that the European Unit of Account might not find favour again.

The Canadian dollar sector continues to function at a fairly low level with no new issues expected immediately.

The Dentschbank sector on the other hand was in much better form than the week before. Reasons given were the small number of new issues and commercial de France (the issue

was put off a few weeks ago on account of adverse market conditions) and \$40m for STET. STET is a member of the Italian state owned IRI group and the last time it floated a bond on the market was three years ago. The indicated coupon of 9 1/2 per cent is realistic according to dealers but the pricing will be watched with great interest.

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Meanwhile, the coupon on Gist Broeders is now expected to be 8 1/2 per cent and the subscription date was advanced to Friday. All the signs were that demand was heavy which is not surprising. Apart from its reputation as being a well run company, the security of new Dutch issues compared to new French or Swedish paper makes the issue attractive.

Water Kilde was priced at par earlier in the week but its secondary market performance was at first disappointing although the price moved towards the end of the week. Some dealers said they were not keen on less than top quality paper.

Among the other issues announced were \$35m for Overseas Finance, \$50m for Den Danske Provinsbank, \$50m for New Brunswick, \$30m for Credit Commercial de France (the issue

was put off a few weeks ago on account of adverse market conditions) and \$40m for STET. STET is a member of the Italian state owned IRI group and the last time it floated a bond on the market was three years ago. The indicated coupon of 9 1/2 per cent is realistic according to dealers but the pricing will be watched with great interest.

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The Imatran Voima bond was doing very well in the secondary market which, coupled with the continuing fall in Belgian interest rates has some wagers that the European Unit of Account might not find favour again.

The Canadian dollar sector continues to function at a fairly low level with no new issues expected immediately.

The Dentschbank sector on the other hand was in much better form than the week before. Reasons given were the small number of new issues and commercial de France (the issue

CURRENT EUROBOOND ISSUES

Table with columns: Borrowers, Amount m., Maturity years, Av. life, Coupon %, Price, Lead manager. Lists issues like U.S. DOLLARS, CANADIAN DOLLARS, and SAHRAINI DINARS.

BONDS TRADE INDEX

Table with columns: June 24, June 17, High, Low. Shows index values for Medium, Long, and Convertible bonds.

Indices

NEW YORK - DOW JONES

Table showing Dow Jones indices for Industrial, Home Products, Transport, Utilities, and Trading Vol. with columns for June 24, 25, 26, 27, 28, 29, 30, 1977, and 1976.

STANDARD AND POORS

Table showing Standard and Poors indices for Industrials, Composite, and Long Govt. Bond Yield % with columns for June 24, 25, 26, 27, 28, 29, 30, 1977, and 1976.

N.Y.S.E. ALL COMMON

Table showing N.Y.S.E. All Common stock indices for June 24, 25, 26, 27, 28, 29, 30, 1977, and 1976.

MONTREAL

Table showing Montreal stock indices for June 24, 25, 26, 27, 28, 29, 30, 1977, and 1976.

TORONTO

Table showing Toronto stock indices for June 24, 25, 26, 27, 28, 29, 30, 1977, and 1976.

JOHANNESBURG

Table showing Johannesburg stock indices for June 24, 25, 26, 27, 28, 29, 30, 1977, and 1976.

GERMANY

Table showing German stock indices for June 24, 25, 26, 27, 28, 29, 30, 1977, and 1976.

JOHANNESBURG

Table showing Johannesburg stock prices for various companies like Anglo American, Anglo Platinum, Anglo Coal, etc.

AUSTRALIA

Table showing Australian stock prices for various companies like BHP, Anglo Coal, Anglo Iron, etc.

PARIS

Table showing Paris stock prices for various companies like Bouffes du Nord, Carrefour, etc.

OVERSEAS SHARE INFORMATION

NEW YORK

Large table listing various overseas share prices in New York, including companies like Anglo American, Anglo Platinum, Anglo Coal, etc.

AMSTERDAM

Table showing Amsterdam stock prices for various companies like Ahold, Jumbo, etc.

TOKYO

Table showing Tokyo stock prices for various companies like Dai Nippon Printing, etc.

OSLO

Table showing Oslo stock prices for various companies like Norsk Hydro, etc.

STOCK

Large table listing various stock prices across different markets, including Amsterdam, Tokyo, Oslo, and others.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

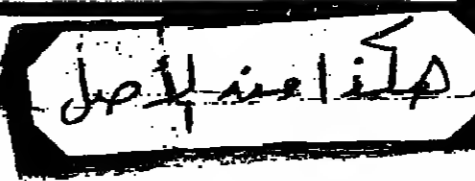


Table listing various unit trusts such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and Practical Invest. Co. Ltd. with columns for fund names and values.

Table listing unit trusts including Fidelity Mgmt. & Res. (Bda) Ltd., Kemp-Gee Management Jersey Ltd., and Save & Prosper International.

Table listing unit trusts such as British American Securities (CL) Limited, Fidelity Mgmt. & Res. (Bda) Ltd., and Kemp-Gee Management Jersey Ltd.

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INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products from companies like Abbey Life Assurance Co. Ltd., Equities & Law Life Ass. Soc. Ltd., and New Court Property Fund Mgrs. Ltd.

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for June 24, 25, 26, 27, and 28, including values for the FT 100, FT 250, and FT 1000.

HIGHS AND LOWS

Table showing high and low values for various stock indices and sectors.

FT - ACTUARIES INDICES

Table showing actuarial indices for various years and categories.

HONG KONG

Table listing stock prices and market data for Hong Kong.

SINGAPORE

Table listing stock prices and market data for Singapore.

NOTES

Notes section containing information about insurance policies, interest rates, and other financial details.

July 1935

FT SHARE INFORMATION SERVICE

Henry Boot Great people to build with Henry Boot Construction Limited, Dronfield, Sheffield S18 6XR

CANADIANS

Table of Canadian stocks including titles, prices, and dividends.

BUILDING INDUSTRY - Continued

Table of Building Industry stocks including titles, prices, and dividends.

DRAPERY AND STORES - Continued

Table of Drapery and Stores stocks including titles, prices, and dividends.

ENGINEERING - Continued

Table of Engineering stocks including titles, prices, and dividends.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase stocks including titles, prices, and dividends.

ELECTRICAL AND RADIO

Table of Electrical and Radio stocks including titles, prices, and dividends.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks including titles, prices, and dividends.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools stocks including titles, prices, and dividends.

INTERNATIONAL BANK

Table of International Bank stocks including titles, prices, and dividends.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits stocks including titles, prices, and dividends.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV stocks including titles, prices, and dividends.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools stocks including titles, prices, and dividends.

CORPORATION BANK

Table of Corporation Bank stocks including titles, prices, and dividends.

AMERICAN BOND & RAIL

Table of American Bond and Rail stocks including titles, prices, and dividends.

DRAPERY AND STORES

Table of Drapery and Stores stocks including titles, prices, and dividends.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. stocks including titles, prices, and dividends.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans stocks including titles, prices, and dividends.

AMERICANS

Table of American stocks including titles, prices, and dividends.

RETAIL AND WHOLESALE

Table of Retail and Wholesale stocks including titles, prices, and dividends.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks including titles, prices, and dividends.

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INDUSTRIALS

Main table of Industrial stocks including titles, prices, and dividends.

Conversion factor 0.2585 (1/1.9375)

S.S. List Premium 41% (based on \$1.822 per \$)

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INDUSTRIALS - Continued table with columns for Stock, Price, Dividend, and Yield.

MOTORS, AIRCRAFT TRADES table with columns for Stock, Price, Dividend, and Yield.

PROPERTY - Continued table with columns for Stock, Price, Dividend, and Yield.

TRUSTS - Continued table with columns for Stock, Price, Dividend, and Yield.

TRUSTS - Continued table with columns for Stock, Price, Dividend, and Yield.

MINES - Continued table with columns for Stock, Price, Dividend, and Yield.

CENTRAL AFRICAN table with columns for Stock, Price, Dividend, and Yield.

INSURANCE table with columns for Stock, Price, Dividend, and Yield.

PROPERTY table with columns for Stock, Price, Dividend, and Yield.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, Dividend, and Yield.

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INDUSTRIALS - Continued, MOTORS, AIRCRAFT TRADES, PROPERTY - Continued, TRUSTS - Continued, TRUSTS - Continued, MINES - Continued, CENTRAL AFRICAN, AUSTRALIAN, OVERSEAS TRADERS, RUBBERS AND SISALS, TEAS, India and Bangladesh, Sri Lanka, Africa, MINES - CENTRAL RAND, EASTERN RAND, FAR WEST RAND, REGIONAL MARKETS, O.F.S., FINANCE, DIAMOND AND PLATINUM

Garages and Distributors, SHIPBUILDERS, REPAIRERS, SHIPPING, SHOES AND LEATHER, SOUTH AFRICANS, NEWSPAPERS, PUBLISHERS, PAPER, PRINTING, ADVERTISING, TOBACCO, INVESTMENT TRUSTS

Notes and financial commentary regarding market trends and company performance.

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HAB LORRY LOADER THE MOST EFFICIENT AND WIDELY USED GEORGE COHEN MACHINERY LTD

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Britain's Market presidency ends with London summit

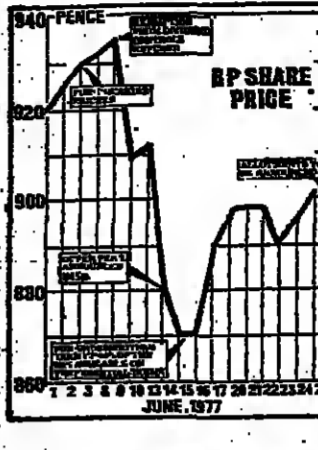
BY ROBIN REEVES BRUSSELS, June 25. THE BRITISH Government's six-month presidency of the European Community comes to an end this week with a series of ministerial meetings...

Leak may stimulate zinc prices inquiry

By John Edwards, Commodities Editor. DOCUMENTS leaked in Australia about the operations of an international zinc producer group...

Price of catching the Express

THE 4.7 times subscription for the BP offer, along with the strength of the share price on Friday in New York, is an indication of surplus demand...



Shoppers cut their food buying

BY CHRISTOPHER PARKES. RISING PRICES are forcing shoppers to buy less beef, butter, milk, lamb and fresh vegetables. According to the Minister of Agriculture...

Industrial loan demands continue at low level

BY MICHAEL BLANDEN. THE CONTINUED low level of demand for bank loans by manufacturing industry is underlined by the latest breakdown published by the Bank of England...

Tranche

Advances to manufacturing industry fell by £125m, or 2 per cent. But the Bank points out that the categories which mainly accounted for the decline were engineering, where there were significant rights issues...

Newspaper union leaders move to end Darlington dispute

BY DAVID CHURCHILL, LABOUR STAFF. UNION LEADERS in the newspaper industry are seeking talks this week with the management of the Westminster Press Group in an attempt to end a strike...

Repercussions

The public disclosures about the zinc producer group, which has been known unofficially since it began in 1954, comes at a particularly embarrassing time after the controversy over the alleged uranium club...

Beaverbrook votes

Ironies abound in the Beaverbrook affair, as the arguments increasingly revolve around the archaic voting structure which leaves almost 90 per cent of the shares disenfranchised. Trafalgar House appears to be willing to reward the Beaverbrook voting shares with a large premium...

Weather

U.K. TO-DAY: RAIN, S.P.E.A. from W. London, S.E. England, E. Midlands, S.W. England, Wales, N.E. Scotland, Orkney, Shetland.

THOMSON'S EQUITY & LIFE BROKERS LTD. The Surcharge and Higher Rate Tax. The starting point for higher rate tax has been increased somewhat but the marginal rate remains at 83%...

BP offer

exceptionally late hour, after a 30-minute halt at 3 p.m. Other oil shares will also be affected. It is now virtually certain that a ballot of holders of random selection sometimes used to decide which small investors should receive shares under a popular issue will be avoided.

Chequers meeting on reflation

Continued from Page 1. The Bill for direct elections to the European Assembly and possibly by some form of legislation on industrial democracy. One of the items on the Liberal's agenda yesterday was whether to press for the inclusion in the Queen's Speech a specific Liberal measure...

HOLIDAY RESORTS. Asolo C 21 10 Jersey S 17 09, Biarritz C 29 21 La Plazza S 15 09, Blackpool P 14 07 Malvernia S 15 09, Bordeaux C 17 07 Malvernia S 15 09, Bonn C 17 07 Malvernia S 15 09, Brno C 17 07 Malvernia S 15 09, Bucharest C 17 07 Malvernia S 15 09, Cagliari C 17 07 Malvernia S 15 09, Catania C 17 07 Malvernia S 15 09, Chania C 17 07 Malvernia S 15 09, Corfu C 17 07 Malvernia S 15 09, Dubrovnik C 17 07 Malvernia S 15 09, Faro C 17 07 Malvernia S 15 09, Frankfurt P 17 07 Malvernia S 15 09, Garmisch C 17 07 Malvernia S 15 09, Genova C 17 07 Malvernia S 15 09, Innsbruck C 17 07 Malvernia S 15 09, Istanbul C 17 07 Malvernia S 15 09, Ljubljana C 17 07 Malvernia S 15 09, London C 17 07 Malvernia S 15 09, Lucerne C 17 07 Malvernia S 15 09, Madrid C 17 07 Malvernia S 15 09, Manila C 17 07 Malvernia S 15 09, Melbourne C 17 07 Malvernia S 15 09, Miami C 17 07 Malvernia S 15 09, Moscow C 17 07 Malvernia S 15 09, Munich C 17 07 Malvernia S 15 09, Naples C 17 07 Malvernia S 15 09, Nice C 17 07 Malvernia S 15 09, Oslo C 17 07 Malvernia S 15 09, Oporto C 17 07 Malvernia S 15 09, Paris C 17 07 Malvernia S 15 09, Rome C 17 07 Malvernia S 15 09, Salzburg C 17 07 Malvernia S 15 09, Seville C 17 07 Malvernia S 15 09, Sofia C 17 07 Malvernia S 15 09, Stockholm C 17 07 Malvernia S 15 09, Thessalonika C 17 07 Malvernia S 15 09, Vienna C 17 07 Malvernia S 15 09, Zurich C 17 07 Malvernia S 15 09.